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REPORT

OF THE

Massachusetts General Court

COMMITTEE ON RAILROADS

ON MATTERS RELATING TO THE

EASTERN RAILROAD.

APRIL, 1876.

BOSTON:

WRIGHT & POTTER, STATE PRINTERS,

79 MILK STREET (CORNER OF FEDERAL).

1876.



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SENATE No. 169.

Commonwealth of Massachusetts.

IN SENATE, April 7, 1876.

The Committee on Railroads, to whom was referred the following Orders and petition; viz,—

HOUSE OF REPRESENTATIVES, March 1, 1876.

Ordered, That the Railroad Committee be requested to inquire whether the Eastern Railroad Corporation has complied with the vote of its stockholders, passed at its annual meeting, February 7, 1876, instructing said president to appoint a committee to investigate the affairs of said corporation; and authority is hereby given to send for persons and papers.

SENATE, January 25, 1876.

Ordered, That the Committee on Railroads be requested to inquire into and report whether the Eastern Railroad Corporation has complied with the laws of the Commonwealth, in relation to the issue of bonds or notes, and the making of other liabilities.

To the Honorable Senate and House of Representatives.

We, the undersigned, stockholders and bondholders of the Eastern Railroad Company, petition your honorable body to investigate the doings of the Eastern Railroad. We, as stockholders, have petitioned the president and directors of the Eastern Railroad, in the month of December, 1875, for a special meeting in relation to the financial condition of the road, and have been refused the privilege that is guaranteed in their by-laws. We hope your honorable body will give it a thorough investigation.

(Signed)

E. W. JAMES, and others.

Beg leave to submit the following

REPORT :

INVESTIGATING COMMITTEE.

As regards the first order of inquiry, the Committee find that the president of the Eastern Railroad Company complied with the vote of the stockholders, passed at the annual meeting, February 7, 1876, instructing him to appoint a committee to investigate the affairs of said company, by naming such a committee, with Seth J. Thomas, Esq., as chairman. All the members of the Committee, with the exception of Mr. Thomas, declined to serve, and the president has since been unable to fill their places.

ISSUE OF BONDS AND NOTES.

In relation to the issue of notes and bonds and the making of other liabilities by the Eastern Railroad Company, which is the subject of inquiry in the second Order, the Committee report that after a most careful and thorough investigation of the subject, they fail to find any instance where such issues of notes and bonds, and the making of such other liabilities, have been contrary to law, except, perhaps, an amount of \$33,000 of the Portsmouth, Great Falls & Conway bonds which were issued or pledged as collateral, by mistake, as is explained on pages 318, 319 and 431 of the Appendix.

The Eastern Railroad issued its bonds to the limit provided by general law, and by the special law of 1874, being chapter eighty of the Acts of that year, and also issued its "coupon notes" to an almost equal amount. The general law provides that the amount of bonds issued by a railroad corporation shall in no case exceed the amount of its paid-in capital stock, but by a strange anomaly, allows the issue of "coupon notes" and other certificates of indebtedness to an unlimited extent. As the law stands to-day, it serves only as a trap to delude the unwary, for, while throwing a supposed safeguard round the issue of bonds, it goes on to provide that bonds, notes and all other preëxisting liabilities of a railroad, shall be placed upon the same footing whenever a mortgage is made. The law in this respect should be either amended or repealed.

STOCKHOLDERS' MEETINGS.

Besides the orders of inquiry before mentioned, there was referred to the Committee the petition, herein before recited, from certain stockholders and bondholders of the Eastern Railroad Company, praying for an investigation of the doings of said company, and calling attention to the fact that a petition from them to the president for a special meeting of the stockholders was disregarded.

From the evidence, it appeared that the requisite number of stockholders petitioned for the special meeting, and that in relation thereto the following vote was passed by the directors, as appears by the testimony of Mr. Parker, given on page 106 of the Appendix. He read from the records of the company as follows:—

“At the meeting December 30, 1875, the president reported a petition from E. W. James and others, requesting that a special meeting of the stockholders be called, and, on motion of Mr. Cummings, seconded by Mr. Jones, it was ‘Voted, That whereas the annual meeting of the stockholders is so near at hand, it being called to be held on the seventh day of February, 1876, it is deemed by the board inexpedient to call a special meeting, without further consideration.’”

Some question was made as to whether the signatures to the petition were genuine, and subsequently two of the petitioners withdrew their names. The Committee are of opinion that a meeting of the stockholders of a railroad corporation should never be denied whenever a proper number of shareholders apply therefor, and would suggest a general law on the subject, as preferable to the present method of leaving the matter to be determined by the by-laws of each corporation.

MANAGEMENT OF THE ROAD.

The petition seemed also to open the whole subject of the management of the Eastern Railroad Company by its officers, and the Committee, so far as they were able in the time, necessarily limited, which could be given to the subject, and in the absence of important witnesses who were either out of

the country or out of the reach of the Committee, investigated the affairs of the company and the conduct of its officers.

In the discharge of this duty, they were greatly assisted by Seth J. Thomas, Esq., the chairman of the committee before referred to, who, at the request of the Committee, conducted the examination of witnesses, and whose able argument, topically arranged, may be found at the end of the Appendix.

The management of the Eastern Railroad, especially prior to the presidency of Mr. Wooldredge, seems to have been exceedingly loose, and was distinguished by a recklessness in expenditure, and a lack of system in accounts, which call for severe censure.

Large sums of money were expended in purchases of the stock of the Maine Central Railroad, apparently without the knowledge, and certainly with no vote of the board of directors, either by the action of a committee or of individual members, who purposely kept the knowledge of the transaction from other members of the board. No vote of the board in reference to the purchase of such shares was had until long after the shares had been actually purchased, and about that vote there is a conflict of testimony, as appears by the evidence regarding it, in the Appendix. This purchase of stock, although made before the law prohibiting such purchases took effect, was of very doubtful legality, and whether legally made or not, the manner of making it cannot be too severely condemned. No transaction, involving so large an expenditure of money, should be entered upon by a railroad corporation except by vote of the board of directors, duly recorded on the books of the corporation.

In this connection, the Committee desire to call attention to the neglect of duty on the part of those directors of the Eastern Railroad who failed to inform themselves in relation to many of the largest transactions of the road. Having accepted a public trust at the hands of the stockholders, it is no excuse to plead ignorance of the doings of their board in extenuation of their official shortcomings, and the stockholders and the public are justified in holding to as strict an account the directors who passively allowed improper and extravagant purchases and contracts to be made, as those who were actively engaged therein. The practice of members of

the finance committee in signing notes, drafts and obligations without inquiring to what purpose the funds were to be applied, shows an entire want of appreciation of the duties of their position. Of course, it cannot be expected that all the members of a board of direction will fully inform themselves as to the details of the management of the railroad, but the stockholders have a right to demand that they shall inform themselves in regard to the general policy of the road and especially in relation to those contracts which involve a large expenditure of money.

The purchase of the depot lands at Lynn at a price out of all proportion to their true value (pp. 65, 402, 409); the subsequent destruction of the depot constructed thereon at an expense of \$55,000, on the simple order of the president, and the payment of \$100,000 for release from the contract to stop trains at said depot (pp. 65, 66, 67); the payment of large sums of money, without vote of the board, on the receipt of individuals, with no vouchers to show how the money was expended (pp. 369, 374); and the purchase, at an exorbitant price, of the Bar Harbor property (pp. 358–365); the details of all these transactions being fully set forth in the appended evidence on the pages above referred to, are examples of a looseness of management and an extravagance of expenditure from which, sooner or later, financial disaster must necessarily have ensued. The Committee are glad to be able to say, however, that it does not appear from the evidence that the officers of the road made any personal profit from these various transactions, or used their position for their private advantage.

INCREASE OF DEBT.

The debt of the Eastern Railroad Company, bearing interest, was, in 1871, about \$4,507,545. It is now about \$14,500,000, making an increase of debt of \$9,992,455; add to this the new stock issued since 1871, amounting to \$735,000, and we have the sum of \$10,627,455 as expended since the year 1871. The following table shows approximately where this large expenditure was made, for what purposes it was made, and the years during which it was expended:—

EXPENDITURES OF EASTERN RAILROAD SINCE 1871.

FOR WHAT PURPOSE EXPENDED.	Years during which the Expenditure was made.	Amount Expended.
Portsmouth, Great Falls and Conway Railroad,	1871,	\$1,232,000 00
Revere disaster, direct damages, . . .	1871,	600,000 00
Market Street station and land at Lynn, .	1871,	426,000 00
Portland, Saco & Portsmouth liabilities assumed, . . .	1871,	500,000 00
Relaying track with steel rails, new equipment, bridges, etc., in consequence of the Revere disaster, . . .	1872, '73,	2,300,000 00
Land in Charlestown, station and track, .	1872, '73, '74,	2,518,000 00
Land in Causeway Street, Boston, . . .	1873,	118,000 00
Essex Branch Railroad, . . .	1873,	95,000 00
Swampscott Branch Railroad, . . .	1873,	175,000 00
Bar Harbor wharf, . . .	1873,	33,000 00
Maine Central stock, . . .	1873, '74, '75,	1,220,000 00
Discount on sterling loan, . . .	1873, '74,	278,000 00
Discount on two-year notes, . . .	1874,	139,600 00
Discount on sinking fund loan, . . .	1875,	300,000 00
		\$9,934,600 00

The items in the above table, with the expenses incidental to them, and with loss of interest, show, in the main, how this large debt of the company has accumulated. Mr. George M. Browne was president in 1871, Mr. T. K. Lathrop in 1872 and 1873, Mr. John Wooldredge in 1874 and nine months of 1875, and Mr. S. C. Lawrence from the resignation of Mr. Wooldredge to the present time. Nearly all the liabilities were incurred before Mr. Wooldredge became president, and he seems to have endeavored to bring about a reduction in expenses. Under the management of the present president, Mr. Lawrence, the operating expenses of the road have been largely reduced; and there has been, as the Committee believe, an honest endeavor to conduct the road on sound business principles. There seems to be no reason to doubt the general correctness of the last annual report of Mr. Lawrence, being the 41st Annual Report of the Eastern Railroad Company.

The Committee have not deemed it necessary to recite at length the details of the different transactions that were de-

veloped in the course of the investigation, because the verbatim report of the evidence, which forms part of this Report, gives all the information that was before them, and because the evidence does not seem to call for legislation, except in the matter of the issue of bonds and notes.

Whether any legal remedies exist—whether the directors are personally responsible in any case—is not a matter for the Committee to pass upon; such questions must be left to the stockholders and to the courts of law. But the investigation will not have been in vain if it shall tend to the selection of men for similar offices of trust and responsibility who will properly and faithfully discharge the duties imposed upon them by their acceptance of the trust, and if it shall serve to point out the folly and danger of incurring ruinous expenditures in competing with rival corporations.

FUTURE PROSPECTS OF THE ROAD.

But whatever may have been the mistakes and shortcomings of the past management of the road, the stockholders and the public are to-day most deeply interested in its future prospects. The property which the Eastern Railroad holds to-day, as is set forth in the evidence, consists of 133 miles of road, including the Eastern Railroad in New Hampshire, about 78 miles being laid with steel rails. It has practically the title to the Portsmouth, Great Falls & Conway road, which is 71 miles in length. It has leases of about 76 miles. The leased roads are:—

Portland, Saco & Portsmouth,	51 miles.
Portsmouth & Dover,	11 “
Wolfborough (most of stock is owned by E. R. R. Co.),	12 “
Newburyport City,	2 “

76 miles.

It owns 15,276 out of 36,020 shares of the stock of the Maine Central Railroad, which, including the main line and branches, is 310 miles in length, and has a lease of 50 miles in addition. This road, in 1874, appears to have earned six per cent. on its stock, besides paying its interest.

The Eastern Railroad Company owns 93 locomotives, 179 passenger cars, and 1,234 freight cars. It has about 78 acres,

or about three and one-half million feet, of land or flats in Boston, including East Boston and Charlestown. It has other land, amounting to about 612 acres, situated principally in Manchester (337 acres), Salem (47 acres), Hamilton (40 acres), Newburyport (16 acres), Salisbury (21 acres), North Beverly (14 acres), Revere (16 acres), and on the Lawrence Branch (94 acres). It has property, exclusive of the Maine Central stock, not needed for its business, from which it is estimated that \$2,000,000 could be realized in times of usual business prosperity. A fair estimate of the market value of the real estate, with the buildings, in Boston, including Charlestown and East Boston, before the panic, was three and a half million dollars, and estimating the Maine Central stock at \$750,000; the surplus land outside of Boston and other assets, including the Pullman car stock, at \$250,000 (see Appendix, p. 377), the 204 miles of road and equipment—taking the stock and debt at \$20,000,000—would stand at about \$75,000 a mile. The whole debt of the company, including contingent liabilities, is about \$15,000,000, of which about \$14,500,000 bears interest at nearly seven per cent. The annual rents for leased roads amount to about \$141,000.

INCOME OF THE ROAD.

The gross earnings of the main line, not including the roads now leased, or the Portsmouth, Great Falls & Conway road, in the year 1863, were \$1,040,188; in 1872, \$2,014,998; in 1874, \$2,362,890. The gross earnings on all the roads operated by this company in 1874 were \$3,059,933. The average gain from 1863 to 1874 was over seven per cent. per annum. In 1875, in consequence of the depression in business on the line and in Maine, the income was about nine per cent. less than in 1874, and it is estimated there will be a still further decline in 1876, bringing the gross income down to \$2,500,000. The net earnings in 1874, owing in part to a reduction of expenses, were reported at \$1,078,922; but this is a larger percentage of net earnings than can be expected if the road and equipment are properly maintained. Had there been the same gain in 1875 and 1876 that there was in the two preceding years, the gross earnings for 1876 would

have been about \$3,300,000, instead of \$2,500,000, as they are now estimated; the net earnings would have been \$990,000; adding dividend on Maine Central stock, which would have yielded with reasonable prosperity six per cent., \$91,656, and deducting the rents, \$141,000, and the amount applicable to interest would have been \$940,656.

The net earnings from the estimated gross income for 1876, \$2,500,000, will be, at 30 per cent., \$750,000. No income will be realized from the Maine Central stock. Deduct the rents, \$141,000, and it will leave \$609,000, which can be applied to the payment of interest. The net revenue applicable to the payment of interest, in 1876, will be only about 65 per cent. of what might have been reasonably expected at the close of the year 1874.

BILL FOR THE RELIEF OF THE COMPANY.

The directors, and other witnesses who were supposed to have a special knowledge on the subject, were questioned by the Committee, and their opinions were unanimously given that the best interests of all parties would be subserved by the passage of the bill now before the legislature, without substantial alteration or amendment. They all put the gross receipts for 1876 at about \$2,500,000, and the net income at from \$750,000 to \$800,000. These sums being below the earnings for 1875, allow for a considerable falling off in business. Should, however, the receipts for 1876 be equal to the receipts for 1875, with the large saving that will be made in operating expenses, the net earnings will be over \$800,000. The testimony seemed to indicate that the road can go on and pay the interest under the bill, certainly for the next six years. By that time a part, if not all, the property not essential to the business of the road, could be disposed of, and, with a small amount added each year to the sinking fund, the amount of liabilities would be reduced to \$12,000,000; in other words, that \$2,000,000 will have been received for the property not required, which amount would purchase \$2,800,000 of the outstanding bonds at 60, and should there be added to the sinking fund, during the six years, \$200,000, the debt would be reduced, as before stated, to \$12,000,000, and upon this sum six per cent. is to be paid, and not upon

10 EASTERN RAILROAD CORPORATION. [Apr.'76.

\$15,000,000. Should the earnings of the road increase in anything like the ratio of the past twenty-five years, and business revive, the net income of the road must be much in excess of the amount required under the bill, and will reduce the debt to \$10,000,000, the sum named in the bill, after which the stockholders assume control of the road.

The Committee have stated thus fully the facts in regard to the property and income of the road, because they were developed in the course of the investigation, and cannot fail to be of great interest to the stockholders and the public. As a result of the investigation, the Committee report this day two general laws, one in relation to the issue of notes and bonds by railroad corporations, and the other in regard to calling meetings of stockholders; but, as they could hardly be reported, under the rules, on orders relating only to the Eastern Railroad Company, the Committee have reported them on the report of the Railroad Commissioners for this year, which is before them

They also report that no special legislation is necessary or expedient on the orders and petition upon which they have made the investigation.

All of which is respectfully submitted.

ALBERT PALMER,
TILLY HAYNES,
EDWARD L. DAVIS,
Of the Senate.

MOSES WILLIAMS, JR.,
G. O. FAIRBANKS,
SAM'L R. HEYWOOD,
REUBEN NOBLE,
CHAS. S. OSGOOD,
JOEL KNAPP,
FRED'K P. MOSELEY,
SAMUEL D. SAWIN,
Of the House.

APPENDIX.

EASTERN RAILROAD INVESTIGATION.

RAILROAD COMMITTEE, GREEN ROOM, STATE HOUSE, }
TUESDAY, March 14, 1876. }

The Committee met at 10 A. M., Mr. WILLIAMS in the chair. He stated that the hearing this morning was upon the following Orders:—

“HOUSE OF REPRESENTATIVES, March 1, 1876.

“*Ordered*, That the Railroad Committee be requested to inquire whether the president of the Eastern Railroad Corporation has complied with the vote of the stockholders, passed at its annual meeting, February 7, 1875, instructing said president to appoint a committee to investigate the affairs of said corporation; and authority is hereby given to send for persons and papers.

“Sent up for concurrence.

“GEO. A. MARDEN, *Clerk*.”

“Concurred.

“SENATE, March 2, 1876.

“S. N. GIFFORD, *Clerk*.”

“SENATE, January 25, 1876.

“*Ordered*, That the Committee on Railroads be requested to inquire into and report whether the Eastern Railroad Corporation have complied with the laws of the Commonwealth, in relation to the issue of bonds or notes, and the making of other liabilities.

“Sent down for concurrence.

“S. N. GIFFORD, *Clerk*.”

“Concurred.

“HOUSE OF REPRESENTATIVES, January 25, 1876.

“GEO. A. MARDEN, *Clerk*.”

“*To the Honorable Senate and House of Representatives:*

“We, the undersigned stockholders and bondholders of the Eastern Railroad Company, petition your honorable body to investigate the doings of the Eastern Railroad. We, as stockholders, have petitioned the president and directors of the Eastern Railroad, in the month of December, 1875, for a special meeting in relation to the financial condition of the

road, and have been refused the privilege that is guaranteed in their by-laws. We hope your honorable body will give it a thorough investigation.

"W. A. CLAPP.

"JACOB LITTLEFIELD, by S. E. Littlefield.

"JAMES F. GOODWIN.

"E. W. JAMES.

BRIGGS MANN.

CLARK B. WOOD.

SARAH A. WOOD."

[Mr. PALMER here came in and took the chair.]

Mr. WILLIAMS said that the Committee were informed that Mr. Seth J. Thomas, who is chairman of the committee appointed by the stockholders to examine the affairs of the road, was present, and ready to assist the Committee in the investigation.

Mr. THOMAS. I would only say, Mr. Chairman, that I should be very happy to render any assistance which I can to the Committee in this hearing. I came this morning, expecting to go on with the inquiry with such witnesses as had been summoned. Expecting that the hearing would go on, I had notified gentlemen concerning it, and that they would be required to be present, with books and papers, and contracts of the Eastern Railroad. I do not suppose that it is needful or proper that I should make any opening of the case to the Committee. I can only say that my purpose is to ascertain, if I can, what the Eastern Railroad has been doing for several years past, and who has done the work in it; and, if the Committee will believe me, I do not intend in anything I do, to be unnecessarily personal, and if I am so, I hope the Committee will caution me. I propose to inquire whether or not, from this investigation, the Eastern Railroad can be saved to the corporation. I beg the Committee to understand that I shall enter upon the investigation with the hope and confidence that it can be. I see that the witnesses I have summoned have just come in, and I am ready to go on. I was appointed, by the favor of the meeting which was held in this city on the 7th of February, one of the committee of investigation, and the president did me the honor to put me at the head of the committee. That committee was to investigate independent of any investigation by the legislature, I supposed. I so understood it. I regret that every member of the committee, except myself, has declined to serve, or, having served a little while, has declined to go on, and I am left alone. Still I am ready and desirous to go on with the investigation here.

Mr. E. W. JAMES. I appear for the petitioners whose names appear upon the petition you have before you, and am ready to give what aid I can. Our folks want to find out what there is in this thing.

Mr. WILLIAMS. Of course, the Committee are directing the investigation, and we shall retain the control of the matter, making such suggestions in the course of the hearing as we thing proper, in order to save time; because the session is advanced, so that only our imperative duty can be done.

Mr. THOMAS. I am quite aware of that, and I desire that the investigation should be as short as is consistent with a thorough examination of the matter.

The CHAIRMAN. Every member of the Committee feel very thankful, Mr. Thomas, that your services could be obtained to assist us in this investigation.

Mr. THOMAS. If the Committee have no further suggestions to make, I will call Mr. Parker, who is treasurer and clerk of the Eastern road.

TESTIMONY OF MR. JOHN B. PARKER.

Q. (By Mr. THOMAS.) Are you the treasurer and clerk of the Eastern Railroad Corporation?

A. I am, sir.

Q. How long have you been such treasurer and secretary?

A. Since 1865.

Q. Have you held that position continuously since 1865 until now?

A. I have, sir.

Q. Are you still the treasurer?

A. I am, sir.

Q. What books of account have you kept as such treasurer, during this period of which you have spoken?

A. The regular books of the road—cash and stock books, a treasurer's book, the records of the directors, and the records of the stockholders.

Q. You have, then, if I understand you, a stock-book, and a transfer-book you have spoken of; is that the same, or a different book?

A. It is part of the same book.

Q. You have also a book containing, I suppose, the notes and bonds issued by the company, or given by the company, haven't you?

A. Yes, sir.

Q. That is a separate book?

A. Yes, sir.

Q. And then you have a cash-book?

Mr. WILLIAMS. I see Mr. Shattuck (Mr. George O. Shattuck) has come in; I would state, Mr. Shattuck, that knowing that Mr. Thomas is the chairman of the committee appointed by the stockholders to investigate the affairs of the Eastern Railroad, the Committee have requested him to assist them in their investigations. The Orders and petition on which the hearing is being held have been read, and Mr. Thomas was proceeding to examine the treasurer, Mr. Parker. You appear, I suppose, for the Eastern Railroad?

Mr. SHATTUCK. I appear for the president, Mr. Wooldredge.

Mr. THOMAS. The former president?

Mr. SHATTUCK. Yes, sir.

Q. (By Mr. THOMAS.) You had a stock and cash book; does this cash-book contain a true record of all receipts and expenditures made by you as treasurer of the Eastern Railroad from 1868 on to this time?

A. Yes, sir.

Q. And have you that book with you?

A. Yes, sir.

Q. Have you the ledger also?

A. Yes, sir.

- Q. And you have a record of the proceedings of the directors?
- A. I have.
- Q. And does that contain a record of all their transactions?
- A. The whole.
- Q. Does that also contain a record of the proceedings of committees appointed on the part of the directors?
- A. It does not, except so far as they have reported to the board direct.
- Q. Does it contain a record of votes appointing committees?
- A. It does; yes, sir.
- Q. What other books have you?
- A. I brought with me the note and cash books, transfer-books, the stock-ledger, and the index.
- Q. The cash-book, did you say?
- A. Yes, sir; journal, ledger, transfer-books and stock-ledger.
- Q. Did you also bring some contracts?
- A. I did.
- Q. You had a note from me this morning concerning them?
- A. I did, sir.
- Q. When did you first pay out any money for or on account of any shares in the Maine Central Railroad?
- A. I think in February, 1873.
- Q. Please turn to your cash-book and show us the entry?
- A. The first amount appears February 11, 1873.
- Q. What is the amount?
- A. Thirty thousand dollars is the first amount.
- Q. Who was it paid to?
- A. My impression is it was paid to George L. Ward.
- Q. Well, have you no record to show it?
- A. The transaction was not direct with the company; it was with a trustee appointed by the company, and the company loaned that trustee sums of money, and took such security as he offered.
- Q. Well, I would inquire who was the trustee? Won't you turn to the vote on the matter appointing such a trustee?
- A. There was no such vote.
- Q. Then don't you mean this: that the trustee was appointed by the directors, or some committee of the directors, instead of the company?
- A. Perhaps I might make it a little clearer by explaining that the trustee was appointed by the president.
- Q. Who was the president?
- A. Mr. Lothrop.
- Q. Mr. Thornton K. Lothrop?
- A. Yes, sir.
- Q. Now won't you turn to the records of the directors, and see if there was any vote authorizing such an appointment?
- A. There was none, on the records.
- Q. What, then, do you mean, when you say the trustee was appointed by the company; anything more than that the president appointed him?
- A. No, sir, that is all; the president or chief officer of the road.

Q. Then you say there is no record of the directors, or of the company, making such an appointment?

A. No, sir.

Q. Well, who was the trustee?

A. Myself.

Q. And how were you trustee?

A. Simply by a declaration of trust.

Q. Was it a written declaration of trust?

A. No, sir; oral; it was not in writing.

Q. Then, was it simply this: that you were directed by the president to act in the matter?

A. Yes, sir.

Q. Won't you state when you were appointed?

A. As that trustee?

Q. Yes, sir.

A. I think it was on this very morning of February 11.

Q. What were you instructed to do by Mr. Lothrop, as that trustee?

A. To pay certain moneys, and receive certain stocks as collateral for them.

Q. To pay certain moneys to parties offering Maine Central stock, and to take the stock as evidence of payment?

A. Yes, sir.

Q. Let me see if we have got it exactly: your instructions were, to pay to certain parties offering certain stocks certain moneys?

A. Yes, sir.

Q. Maine Central stock?

A. Yes, sir.

Q. Any other stock?

A. No, sir.

Q. To pay certain parties; was there nothing said as to who would offer it, or the price?

A. The price was fixed by the president.

Q. State the whole conversation—just what he told you.

A. I couldn't state it all.

Q. Didn't he tell you that somebody was going to sell some Maine Central stock at a certain price, and you might buy it?

A. That is it, exactly.

Q. Who did he tell you was going to sell it?

A. I don't remember that he stated any one.

Q. Did he say it would come through Mr. George L. Ward?

A. I think so, sir.

Q. Did he say he had bought it, or agreed for it?

A. He had agreed upon it.

Q. Then, did you or not understand him, that he had already made a bargain for a fixed price?

A. I did.

Q. Then you were to buy it and pay for it?

A. I was to take it and pay for it.

Q. At the price he named?

A. Yes, sir.

Q. And were to give his money for it?

A. Such money as the treasurer had.

Q. You are the treasurer?

A. The treasurer of the road was to loan to the trustee of the road an amount of money sufficient to pay for this stock?

Q. Let me see; you, as treasurer of the road, were to loan yourself, as trustee thus constituted, enough to pay for the stock?

A. That is it.

Q. Let me see how many steps you took. Who brought the paper? Who offered the stock?

A. It was principally offered through Mr. Ward.

Q. Thirty thousand dollars; that, through Mr. Ward? How many shares did he bring in?

A. I think, five hundred shares; that is my impression.

Q. Did he bring in a certificate?

A. Yes, sir.

Q. What did you do?

A. I gave him the money.

Q. You gave him a check?

A. Yes, sir.

Q. And you signed that check, as treasurer of the Eastern road, and gave it to him?

A. Yes, sir; I gave it to him.

Q. And you took the the certificates and held them?

A. Yes, sir.

Q. Then you got five hundred shares. What did you next do with these five hundred shares—the next thing, as trustee?

A. I think the next thing I did, as trustee, I sent to the office, at Augusta, and had them transferred to the trustee.

Q. To you, as trustee?

A. Yes, sir.

Q. So that the stock stood in your name, with "Tr." after it, as trustee?

A. Yes, sir.

Q. What did you next do with the same certificates? I am only inquiring about this particular lot of stock.

A. I held that until November of the same year, and then it became necessary to raise some money, and I transferred it directly from the trustee to Mr. Hooper.

Q. It became necessary to raise money for the trustee, or the company?

A. For the company.

Q. Meanwhile, you, as trustee, had not paid the company anything?

A. No, sir; I had only given the company this stock, which I held as trustee.

Q. The company had taken the stock—you being called trustee—and paid for it, and held it until it became necessary to raise money for the company? What did you do about stock then?

A. I sent down, and transferred it to him.

Q. To whom?

A. I think it was to Mr. Hooper.

Q. Don't you know?

A. Yes, sir.

Q. Mr. Samuel Hooper?

A. Yes, sir. If you will allow me, I will give you my reasons.

Q. Perhaps it would be easier for you and for the Committee, unless the Committee desire differently, that you should give your reasons as you go along, and save time as much as possible. The stock was transferred to Mr. Hooper?

A. Yes, sir.

Q. And what did Mr. Hooper give you for it?

A. He gave the company his notes.

Q. Didn't give them to you as trustee?

A. No, sir; he gave the company his notes. I think it was \$150,000; \$75,000 at one time, and the rest at another.

Q. We are only talking now about \$30,000 worth of the stock. You must have transferred more than that. Won't you go on and state about it? What was the next purchase you made of it?

A. The next was bought on the 24th of February,—\$42,740.

Q. And that was sold to you as trustee?

A. Yes, sir.

Q. Who directed you to buy it?

A. The same party,—Mr. Lothrop.

Q. And you were to hold that, as trustee?

A. Yes, sir.

Q. Who did you buy that of?

A. That was bought, I think, of the same person, Mr. Ward.

Q. Now, do you know who Ward got that of?

A. No, sir.

Q. Do you know what he paid for it?

A. No, sir.

Q. Did Mr. Lothrop ever tell you?

A. No, sir.

Q. What did Mr. Lothrop tell you?

A. That it was partly coming through Mr. Ward.

Q. Partly coming through Mr. Ward. Did he tell you how much he had arranged for?

A. I think he did.

Q. He said there were 2,000 shares?

A. Yes, sir.

Q. Now, did you take that stock and make a loan on it, or did you understand you purchased it?

A. I purchased it.

Q. For these \$30,000—about how much you paid a share for it?

A. I think it was \$60 a share for the first.

Q. How many days after did you buy the \$42,000?

- A. It was ten or eleven days after.
 Q. What did you pay for that?
 A. The same price.
 Q. Was there at any time any contract for the purchase made by anybody?
 A. I think there was a contract.
 Q. Is that the contract you said you had brought?
 A. Yes, sir.
 Q. You stated you believed he told you that there had been an arrangement made for 2,000 shares; did he put in your hand any contract for those shares?
 A. I think he did.
 Q. If you have it, let us see it.
 A. I will find it in one moment. Here it is.
 Mr. THOMAS. I will read this contract:

"EASTERN RAILROAD COMPANY, CAUSEWAY STREET, }
 "BOSTON, MASS., 187 . }

"THORNTON K. LOTHROP, *President*. CHARLES F. HATCH, *General Manager*.

"George L. Ward is to sell J. B. Parker, trustee, 1,000 shares Maine Central stock, payment to be made on account, at the rate of \$60 per share, from time to time, prior to May, 1873, and a final payment, so as to make the stock realize \$85 per share, to be made to Mr. Ward, to be made when the agreement between the Eastern and Maine Central Railroad for their joint operation and division of earnings (the Maine Central being put at \$80 per share, and the Eastern stocks at \$100 per share,) is consummated.
 "GEO. L. WARD."

"*Boston, April 12, 1873.* Received on account of the within sale, \$12,600, and surrendered 210 shares of stock.

"GEORGE L. WARD."

"*Boston, April 16, 1873.* Received on account of the within sales, \$12,000, and surrendered 200 shares of stock."

"*Boston, April 24, 1873.* Received on account of the within sales, \$9,000, and delivered 150 shares of stock."

"*Boston, April 29, 1873.* Received on account of within sales, \$12,000, and delivered 200 shares of stock."

"*Boston, June 3, 1873.* Received 240 shares, and paid \$14,400."

"*Boston, June 27, 1873.* Received on account of the within contract, \$15,000, in addition to the above payment of \$60,000."

"*Boston, July 9, 1873.* Received on account of the within, \$10,000, being the balance of the within contract.

"GEORGE L. WARD."

Q. Now, have you found the contract that is signed by the president?

A. I think there is no contract signed by him.

Q. Do you say there was no contract made with the president, while Mr. Lothrop was president, for these shares?

A. I think there was nothing but a verbal contract; I don't think there was any in writing.

Q. At this time was Mr. Ward the owner of these shares?

A. I think he said he was.

Q. He held the shares, and made this agreement to sell to you as trustee?

A. That is as I understood it.

Q. Now, you have already spoken of the \$42,000; will you pass to the next, and see when you got any more? It now makes \$72,000.

A. The next payment was March 18, 1873,—\$18,350.

Q. How many shares did you get, then? Well, while you are looking over the book, you can answer me another question,—you sent these certificates to the Maine office, and had them transferred to you as trustee?

A. A portion of them we did, and another portion we held in the original names. Some portion of the stock came to us in a different name; I think from Mr. Ward.

Q. How many shares?

A. Perhaps 250 shares might have come in from five to ten different parties we did not know. These I sent down and had transferred right away. Mr. Ward's stock I retained on the original certificate.

Q. What did you with that?

A. It was also transferred afterwards.

Q. Why?

A. We did not know but we might want to use it for another purpose.

Q. What purpose?

A. To raise money with.

Q. Not for you, as trustee?

A. No, sir.

Q. For the railroad company?

A. Yes, sir.

Q. Who didn't know but that might be done; you or Mr. Lothrop?

A. I do not know that Mr. Lothrop made any such suggestion to me, but he advised that it be not transferred at present, and the reason occurred to me that it might be wanted to raise money with. I knew the company would want money at such a time.

Q. Will you see at what price you bought this lot?

A. It was all bought at about \$60 a share; from \$60 to \$62. I have unfortunately left the paper, which contains the number of shares, at the office.

Q. Will you give me the amount you bought on account of this contract?

A. We bought \$120,179, in April.

Q. I understand you have only spoken of three purchases; first, \$30,000; second, \$42,000, making \$72,740; that was in February. Will you give us what you bought in March, 1873?

A. Eighteen thousand three hundred and fifty dollars, at \$62 a share.

Q. Now pass on to the next?

A. In April, \$120,079 at about the same price; in May, \$7,785; in June, \$104,064; in July, \$14,680; in August, \$3,438; in September, \$18,987; in November, \$51,000.

Q. What time in November?

A. About the 5th of November.

Q. Eighteen hundred and seventy-three?

A. Yes, sir.

Q. Any more that year?

A. No, sir; that is all that year.

Q. About how much had you paid on account of this stock up to that time?

A. Four hundred forty-two thousand and twenty-four dollars.

Q. How many shares did you buy?

A. I think we bought 10,512 shares; that is the best of my judgment; but unfortunately I left the paper containing the number of shares at my office.

Q. That is, you had paid up to that time the amounts and in the way you have described; what had you done with the stock?

A. That remained with the trustees until November. As I stated, it was necessary for the company to find some money.

Q. That is, the corporation needed money?

A. Yes, sir.

Q. You, as trustee, had paid out all the money from the corporation funds?

A. Yes, sir.

Q. What had you done to raise money; by selling bonds?

A. We had raised it principally on the company's notes.

Q. On notes?

A. Yes, sir.

Q. Not bonds?

A. No, sir.

Q. Didn't you sell any bonds?

A. I think we sold no bonds, but raised it on the company's notes.

Q. What, in November, did you do to relieve that?

A. We transferred 4,590 shares to Mr. Hooper, and 4,919 shares to Mr. Wooldredge, as collateral for their indorsement.

Q. That is, you made the Eastern Railroad Company's notes, and procured Mr. Hooper's indorsement on one, and Mr. Wooldredge's on another, on which notes, thus indorsed, you raised money?

A. Yes, sir.

Q. How long did they run?

A. Four and six months,—four, five, and six months; Mr. Hooper's and Mr. Wooldredge's both ran the same.

Q. Where did you get the money on them?

A. On Mr. Wooldredge's, at the Merchant's Bank; on Mr. Hooper's, in New York.

Q. What did you go to New York for; why didn't you get it discounted in this State?

A. I could not say exactly, but I think Mr. Hooper said it could be discounted in New York for 5½, and here nothing less than 6.

Q. Did you get your money—the cash?

A. Yes, sir.

Q. Did you get the whole at one time?

A. Yes, sir; at one time.

Q. Couldn't you verify that?

A. Seventy-five thousand dollars we had at one time.

Q. Then, in order to secure his indorsement, you transferred this stock to Mr. Hooper?

A. Yes, sir.

Q. Were there any other indorsements?

A. Yes, sir; Mr. Hooper was on a note to the Massachusetts Life Insurance Company for \$200,000.

Q. Mr. Haven was on that also?

A. Yes, sir.

Q. When was that given to the life insurance company?

A. I think that was in May, 1872.

Q. Why did he require this security for this indorsement then?

A. It had already been given. It was given him for a general indorsement, and not for any specific one.

Q. When you gave it did you take a receipt?

A. We have no receipt.

Q. Made an absolute assignment?

A. Yes; except his indorsement on these notes.

Q. Did you take any papers as trustee, that you could show to anybody,—“Received of Mr. John B. Parker, as trustee, so many shares as collateral”?

A. No, sir.

Q. Took no such paper?

A. No, sir.

Q. Then it rests between you and Mr. Hooper as far as respects the one parcel, and between you and Mr. Wooldredge as respects the other?

A. Yes, sir.

Q. Don't you usually take a receipt on these accounts?

A. We should, of any men except such men as Mr. Hooper or Mr. Wooldredge.

Q. Any one outside of the board of directors you would take a receipt of, but from them you didn't?

A. No, sir.

Q. Were those notes paid. Were they discounted at maturity?

A. Yes, sir, with the exception of the life-office note; that has not been paid.

Q. That remains yet?

A. Yes, sir.

Q. Mr. Haven got released from that?

A. I do not know.

Q. He got a bond of indemnity from Mr. Hooper?

A. I do not know. I have heard such an assertion; but I do not know it.

Q. Well, now, we have only spoken of those that we bought in 1873. During the year 1873, or afterwards, what became of that stock?

A. It remains in the same position to-day.

Q. It remains in the hands of Mr. Hooper ?

A. Of Mr. Hooper's estate.

Q. Of course, Mr. Hooper could not have it now ?

A. Mr. Wooldredge's stock—which was transferred—is transferred to the Institution of Savings in Newburyport, as collateral for a note he was indorser for. That note became due last January, and was not paid. That was a note of the Eastern Railroad for \$50,000, and was laid over by an arrangement between the parties, and this stock was transferred to the bank.

Q. Mr. Wooldredge transferred it ?

A. Yes, sir.

Q. Then, that stock never got back into your hands ?

A. No, sir.

Q. You have never had any control over it ?

Q. No, sir; except so far as I was made an instrument to receive the stock and send it down for transfer.

Q. Meanwhile a large portion of this stock had never been transferred to you ?

A. Yes, sir.

Q. Don't you know who Mr. Ward, or Mr. Hooper, or Mr. Wooldredge bought this Maine Central stock of ?

A. No, sir; I do not; so far as I know the arrangement was made through Mr. Ward. Perhaps I should make it more clear if I should state this whole transaction.

Q. Well, go on and state it ?

A. The arrangement was, that the Eastern Railroad should go on and take stock enough to control the Maine Central road, and relieve them of a burdensome contract. There seemed to be no feasible way of breaking the contract, except by getting possession of the road.

Q. When was that contract made ?

A. It was made in 1871.

Q. Well, go on.

A. The company, in the meanwhile, had laid out a large amount of money for lands in Charlestown, in order to do the business of the Maine Central road, under this contract of 1871. They had bought the Charlestown property at an expense of, perhaps, \$1,000,000 or \$1,200,000.

Q. When did they buy that ?

A. In 1872. In 1873, business was being diverted to a considerable extent; the company had this property in their hands, and it became a question how they should best utilize it, and as the contract with the Maine Central was becoming—

Q. Are you stating now what you know, or what was told you ?

A. What was told me.

Q. What Mr. Wooldredge reported to you ?

A. Yes, sir.

Q. You did not know anything about the contract with the Maine Central working badly ?

A. Certainly, sir. I knew the business that was coming to us, month after month, and I knew the Charlestown property was bought mainly for that business.

Q. Was there any vote of the directors to buy the Charlestown property?

A. I think there is.

Q. Don't you know?

A. I would not state, positively; my impression is, that there is.

Q. Meanwhile, you tell us you don't know that there was any vote to buy this stock?

A. No, sir.

Q. Now, you didn't know who any of this stock was bought off?

A. No, sir.

Q. Don't you know, by the certificates, who had held it?

A. I think a considerable portion of the certificates were owned by Mr. Dunn?

Q. Who is he?

A. He is a gentleman in Maine.

Q. Did Mr. Paine own any of it—one of the directors of the Maine Central?

A. I don't think I ever heard that he did.

Q. Had the Maine Central issued any bonds of their own?

A. I do not know.

Q. Have you ever seen any of these bonds?

A. No sir; I never saw any.

Q. Did you ever know anything about the stockholders of the Maine Central?

A. No sir.

Q. Did you ever have any of their books?

A. No sir; I never saw them.

Q. Did you know at what price Maine Central stock was selling in the market in November, 1873?

A. No sir; I did not know.

Q. Didn't you know what the stock was being sold for in the market?

A. I never saw any sale.

Q. Didn't you hear of its having been sold?

A. I never saw a quotation of the Maine Central road in the Boston market

Q. Meanwhile you were buying it, and did not know what it was selling for?

A. No, sir.

Q. When did you buy the next Maine Central, after 1873?

A. The contract was made to get control of the stock whenever we could.

Q. Was there another contract in continuation of the same one? Is that all the written contract?

A. I think I have another paper here

Q. While you are looking, did you ever buy any other stock in any other railroad corporation?

A. Never.

Q. Didn't it occur to you as rather unusual?

A. It did not occur to me at all. We usually obeyed the president, in every particular.

Q. Whatever he said, you did?

A. Yes sir. Here is the other paper.

Mr. THOMAS. Here appears to be a statement, signed by George L. Ward, as follows:—

"Galen C. Moses and J. H. Kimball, trustees, all of Bath, having this day sold, and George L. Ward, of Boston, having purchased, 2,000 shares of the stock of the Maine Central Railroad Company, at the price of \$60 per share, said Ward has this day paid \$30,000 in part of the purchase money, and to secure the payment of the balance has issued his three promissory notes of Feb. 7, 1873, each for the sum of \$30,000, payable to the order of Galen C. Moses, treasurer, with interest at the rate of 7 3-10 per cent. per annum, one in six, one in nine, and one in twelve months. Said notes and a certificate of 2,000 shares of said stock issued to said G. C. Moses, J. H. Kimball and Oliver Moses, trustees, and by them transferred by indorsement on said certificate to H. W. Paine, trustee, and this day deposited with said Paine; said Paine is to retain said notes in his hands for sixty days, and upon the expiring of that time is to deliver said notes to said G. C. Moses, treasurer, whenever he shall call for them.

"Said Paine shall deliver to said Ward, said certificates of stock; duly transferred to him by indorsement thereof, upon his exhibiting said three notes indorsed by said G. C. Moses, treasurer, and not till then. If said Moses, at the end of twelve months, shall exhibit to said Paine any one of said notes, said Paine shall, within fifteen days thereafter, cause said stock to be sold at public auction in this city of Boston, first giving notice of the time and place of said sale to said Ward and said Galen C. Moses, Oliver Moses, and J. H. Kimball, ten days before the time appointed therefor, and shall apply the proceeds to or towards the payment of said notes not then paid, and the balance thereof pay over to said Ward—the certificate being deposited with said Paine as security for the payment of the purchase money.

"GEORGE L. WARD.

"GALEN C. MOSES.

"OLIVER MOSES, by G. C. MOSES, Att'y.

"J. H. KIMBALL."

"H. W. PAINE."

"Boston, Feb. 11, 1873."

"Boston, Feb. 11, 1873.

"The sum of \$30,000 having been repaid me this day, in cash, in consideration thereof and of the agreement of — to make the further payment required under the within paper, and to leave me harmless from all and singular the promissory notes mentioned therein, and from all my

obligations thereunto, I do hereby assign and transfer to said — and his assigns, the within paper, and all my rights thereunto, and to the stock therein named; and appoint him and them my attorneys irrevocable, to make such payment and demand and receive said stock.

“GEORGE L. WARD.”

Q. That is the contract you have spoken of?

A. Yes, sir.

Q. I do not see the president's name here, or your name?

A. That was the agreement under which we were to take those shares.

Q. Is this an agreement? Did you mean by it, that the Eastern Railroad bound themselves to buy this stock?

A. I so understood it.

Q. Well, when did you commence buying under it? If you can, will you tell me when Mr. Lothrop went out of office?

A. In February, 1874

Q. Whether or not, in December, 1873, or February, 1874, you bought any of this stock?

A. We took, under this arrangement of 1873, whatever was offered. I think we paid for considerable in 1874.

Q. Give us the figures.

A. The next that we paid for was February 2, 1874.

Q. That is, before the election; while Mr. Lothrop was president?

A. Yes, sir.

Q. How much?

A. Forty-five thousand one hundred and eight dollars. I think 900 shares. In March, we paid \$53,160; in June, we paid \$113,770.

Q. You waited a month. When did you make your return to the legislature?

A. November 30.

Q. Well, then, I will go back to 1873. Did you make your report in November, 1873?

A. Yes, sir.

Q. Did you make any mention of this large purchase in your report? I am inquiring now with reference to the return made in 1873, in November, up to which time you had bought a large number of shares in the Maine Central. Did you, when you made your return, make any account of this large purchase?

A. Yes, sir.

Q. Where?

A. We included it in the property-account of the road.

Q. Oh, in the property-account. Did you mention anything about having bought this stock?

A. No, sir; not a word.

Q. Then it was nothing but property in your report?

A. That was it.

Q. You don't return to the legislature that you had this stock,—only mixed it among the property?

A. Yes, sir.

Q. How was it about the other side of the account? Did you state there you had expended so much money; whether the debt had increased? Did you there carry out anything on that side, and put in it any items for money expended or paid out in this way? How did you do it?

A. I don't understand the question.

Q. You said that in the account of property on hand you embraced this stock. That went into your property account?

A. Yes, sir.

Q. Did you put any items to show money expended by you to buy this stock? In other words, was the stock mentioned?

A. The property itself showed it. The company had acquired so much additional property.

Q. In your return of 1873 to the legislature, did you mention this stock of the Maine Central?

A. No, sir.

Mr. SHATTUCK. It is shown under the item of stock in connecting roads.

Q. When you made your report to the stockholders in February, 1874, did you make any account, or any report, of this stock you had bought up to that time?

A. Nothing more than the property account.

Q. Did you let the stockholders know you had bought this stock?

A. Certainly not; it would have defeated the whole project if we had.

Q. It would have defeated the whole project? Then your object was to keep it from the stockholders?

A. Yes, sir; and by doing so to get control of the Maine Central and save the stockholders' property.

Q. So you didn't put it in. I mean to ask you if there was anything in your report, anywhere, to indicate that you had made that transaction about the Maine Central road?

A. Not a syllable. But I don't want you to have the impression that it was not contained in the property account.

Q. Of course it was. When did Mr. Wooldredge come in as president?

A. In 1874.

Q. Is there any record of the proceedings of the directors in which any vote was taken on the Maine Central Railroad stock?

A. No, sir.

Q. What did you do in 1874, after Mr. Wooldredge came in?

A. We completed, as far as we could the contract of 1873. I speak of the contract—general, verbal contract—given to me, that it was desirable for the road to get the control of a portion of the Maine Central.

Q. Now, you don't mean to say that all the stock bought by you of the Maine Central Railroad is embraced in these contracts?

A. By no means.

Q. Then, won't you say that you bought on the direction of the president. What did you buy on the direction of the president, after February, 1874?

A. We continued the contract of 1873.

Q. Did you complete it?

A. No, sir, we did not complete it; it is not completed yet.

Q. Are you going to buy any more?

A. I don't know sir; it is a good purchase.

Q. What is it selling for to-day?

A. I don't know.

Q. Don't you know; don't you know what it is selling for?

A. I have not the slightest idea.

Q. You don't know whether it is at par or more?

A. I could not tell whether it is \$1.50 or 50 cents; I have not seen the quotation.

Q. When did you buy any more in 1874?

A. In March, 1874, we paid \$33,670; in June, \$113,770. That heavy payment in June took place on a contract made in June, a year before, on which we had previously paid about \$53,000.

Q. You mean this contract, or is there still another?

A. There is still another—one more contract.

Q. Is this the last contract of this kind in writing?

A. Yes, sir; this is the last.

Mr. THOMAS. I will submit the contract to the Committee:—

"Whereas, T. K. Lothrop and George L. Ward, of the city of Boston, on the 12th day of May, A. D. 1873, made to R. D. Rice, of the city of Augusta, the following proposition and agreement, to wit:—

"BOSTON, Mass., May 12, 1873.

"Hon. R. D. RICE.

"DEAR SIR:—If you desire to part with your stock in the Maine Central Railroad Company, at any time within one year from May 1, 1873, I will take it and pay for it, not exceeding 1,600 shares, at par in sixty days after receiving notice from you of your desire to sell, value received. Mr. Ward joins in the proposition and will sign this agreement.

"Yours truly,

"T. K. LOTHROP.

"GEORGE L. WARD.

"And, whereas, said Rice thereafter, on the day of May aforesaid, gave notice to said Lothrop and said Ward of his desire to sell his said stock as aforesaid; and

"Whereas, in part fulfilment and execution of said proposition and agreement, said Lothrop and said Ward have this day paid to said Rice the sum of \$53,333.33, in lawful money of the United States

"Now, therefore, in consideration of the premises it is mutually agreed between the parties, that said original proposition and agreement shall be modified as hereafter provided; to wit, Instead of payment being made in full for said stock, at the time specified in said original agreement, one-half of the amount now remaining due to said Rice therefor, to

wit, the sum of \$53,333.33, shall be paid in six months from January 1, 1873, and one other half of the sum remaining due to said Rice aforesaid, to wit, the sum of \$53,333.33, shall be paid in twelve months from the first day of June, 1873, and the said stock (1,600 shares) shall be deposited with Hon. A. P. Morrill of Maine, and by him held in trust; to be delivered to said Lothrop and said Ward, in case they shall pay or cause to be paid to said Rice the several sums above stipulated, to be paid at the times above provided; otherwise, said shares of stock shall be delivered to said Rice, and all sums of money which shall have been paid on said stock or any part thereof, before that time, shall be absolutely forfeited, and the original agreement between the parties shall be in full force and effect, in the same manner as if the foregoing modification had not been made.

"It is also understood and agreed by and between the parties, that until the payment for said stock shall have been fully made, Thornton K. Lothrop and George L. Ward shall have the right to represent and vote upon the same at all meetings of the stockholders of the Maine Central Railroad Company, or such parties as they may from time to time designate for that purpose.

"Witness our hands this tenth day of June, A. D. 1873.

"T. K. LOTHROP.

"GEORGE L. WARD.

"R. D. RICE.

"Witness, JOHN B. PARKER."

Q. Is there any other contract?

A. No, sir.

Q. Can you state now, sir, how many shares these three contracts you have handed in in writing cover; in other words, how much by these three contracts you are bound to purchase and take, in the whole?

A. Fifteen thousand two hundred and seventy-four shares.

Q. Isn't that all you have got on hand, now?

A. That is all we have got.

Q. I understood you that some of these shares were bought by the direction of the president to you, personally?

A. They were all bought by the direction to me, personally?

Q. I understood you had bought stock of people that had nothing to do with these contracts?

A. I never bought a share.

Q. You bought all since these contracts?

A. Certainly; I never bought a share myself, personally, except by direction of the president.

Q. Except by the directions of the president; did the president direct you to buy any shares of any body who is not mentioned in these contracts?

A. Oh, yes, sir; quite a number.

Q. Then you bought shares outside of these contracts; that is what I was asking you. Now, how many shares did you buy outside of these contracts?

A. We bought the difference between 2,000 and 15,000.

The CHAIRMAN. Does he mean outside of these written contracts?

Q. (By Mr. THOMAS.) Let me see if I understand you; I asked you whether or not you bought any stocks by any verbal contract which you made under the direction of Mr. Lothrop, or Mr. Wooldredge, other than these written contracts?

A. We have no written contract at all.

Q. This was a written contract whereby one party agreed to deliver a certain amount of stock, and you were to buy it?

A. Yes, sir. There was no written contract for any specific number of shares, except that with Ward, and this last paper.

Q. Then, if I understand you, by these written contracts you are not bound to buy any, except 2,000 shares?

A. Yes, sir; I understand we are bound to buy all that is offered, as the president should determine, up to one-half of the control.

Q. What president?

A. Mr. Wooldredge.

Q. Buy of whom?

A. Of anybody that offered it.

Q. Who is your contract with, that binds you to take any more than 2,000 shares?

A. I do not think we had contracts with anybody, except with Mr. Ward?

Q. And that contract with Mr. Ward—how many shares did it bind you to take?

A. All that he should offer.

Q. Without any limit?

A. I think there was a limit as to price; I think the price was to be what Mr. Lothrop fixed.

Q. Mr. Lothrop and Mr. Ward should fix the price?

A. Yes, sir; from \$60 to \$67. Most of the stock came from Mr. Ward, but a portion from others, as I have stated.

Q. Well, let us go on; in 1874, how much did you buy?

A. In February, \$45,108; in March, \$53,160; in June, \$13,170; that is the large purchase in June, pledged by an arrangement in June, 1873, by which we were to take \$116,000 worth of shares from Judge Rice.

Q. What arrangement did you have with Judge Rice; who was he?

A. He was the former president of the Maine Central.

Q. What arrangement did you have with him?

A. To take his shares.

Q. Whose shares?

A. Judge Rice's.

Q. You had a contract with him?

A. This is the contract.

Q. Yes; how many shares were you bound to take; how many did you get from him?

A. I think we had 1,600 shares.

- Q. What did you pay for them ?
A. We paid him \$100 a share.
Q. When did you buy them ?
A. In June, 1873 ; we paid \$50,000.
Q. Is that \$50,000 a part of the same contract ?
A. Yes, sir.
Q. And you were to pay him \$100 a share ?
A. Yes, sir.
Q. What was the reason, when you were buying the stock at \$60 and \$62, you agreed to pay Judge Rice \$100 a share ?
A. I do not know the full particulars in the case ; my impression is that we needed his services.
Q. What for ?
A. Perhaps in the general interests of both the roads—the Eastern and the Maine Central ; I do not know as I can explain it quite clearly.
Q. When you bought, you had this contract to take just as much as you had a mind to at 60 and 62 ?
A. No, sir.
Q. You were bound to take all that was offered ?
A. We were to take up to one share over one-half, so that we might have a little more than one-half of the capital of the road.
Q. At about 60 ?
A. Yes, sir.
Q. And yet you made a contract by which Judge Rice's shares were taken at 100. Who made that contract ?
A. You had the contract there.
Q. Who made that contract ?
A. Mr. Lothrop.
Q. Was there any meeting of the directors, to vote on it ?
A. No, sir.
Q. Did you attend the meetings of the directors ?
A. Yes, sir.
Q. All of them ?
A. Yes, sir.
Q. How often were they held ?
A. Always once a month, and very often two or three times a month.
Q. Stated meetings once a month, and other meetings sometimes more than once a month ?
A. Yes, sir.
Q. Were these matters ever discussed at the board ?
A. This was never discussed at the board.
Q. Do you mean that the other directors didn't know about it ?
A. I do not think they did.
Q. Didn't Mr. Hooper know about it ?
A. Yes, sir.
Q. Mr. Lothrop knew about it ?
A. Yes, sir.
Q. And Mr. Haven knew about it ?

A. I suppose so; I did suppose that Mr. Haven knew about it, but he says now, that he didn't know about it.

Q. But it was not discussed at the board?

A. No sir.

Q. Do you mean this Committee to understand, that this difference between par and \$60, which was paid Judge Rice, was to secure his services? How many shares did you buy of him?

A. Eleven hundred and sixty shares.

Q. Eleven hundred and sixty shares?

Q. (By Mr. OSGOOD.) Sixteen hundred shares stated here?

A. Yes, sir.

Q. (By Mr. THOMAS.) From Judge Rice?

A. Yes, sir.

Q. Do you mean that this legislative Committee should understand that all that difference between \$60, which you were to have this stock for, so as to get a majority, and \$100, which was paid Judge Rice, was paid for his services, and that this was done by the president, without a vote of the directors?

A. So far as the services of Judge Rice go, I am not able to answer that question.

Q. Do you understand that that was done without the directors' sanction, or without consultation with the directors?

A. Yes, sir.

Q. Well, what is your belief as to the rest of the directors' knowing or understanding anything about it?

A. I don't think the rest of the directors understood it.

Q. Who do you think did; give us the names?

A. I think Mr. Wooldredge, Mr. Jones, Mr. Hooper and Mr. Lothrop.

Q. Was there no other director that understood about it?

A. I could not say; I had supposed at the time, that Mr. Haven knew something about it, but I have since learned that he knew nothing about it.

Q. Well, that is sufficient on that; just tell us—go on, just give us the whole number of the rest of the shares you bought in 1874?

A. That is the extent of 1874.

Q. Well, what was the latest purchase?

A. The latest payment?

Q. The latest payment.

A. The latest payment was in May, 1875.

Q. Well, haven't you paid any more in 1874?

A. No, sir; that is all we paid.

Q. What is the last date you gave us in 1874?

A. June.

Q. So I thought; didn't you pay anything more than that?

A. No, sir.

Q. When you made your report to the directors, in February, 1875, did you make any mention of that fact, that you had bought this stock?

A. Yes, sir.

Q. How; here is your report?

A. I think it was stated, so many shares of stock.

Q. You think it is stated, do you?

A. Yes, sir; I think it is stated; on page following page 55, it is stated that the whole number of shares of the Maine Central stock was 15,274.

Q. When was that?

A. Eighteen hundred and seventy-five.

Q. My dear sir, ain't you talking about 1876?

A. No, sir.

Q. What?

A. The 1876 report is not made yet; I am talking about the 30th November, 1875.

Q. Well, isn't the 30th November, 1875, made just before—that is Mr. Lawrence's report, isn't it?

A. Yes, sir; you were asking about the report made to the stockholders' meeting.

Q. Well, the report of Mr. Lawrence is made up to November, 1875; I don't want you to misunderstand me, but it is not submitted to the stockholders; that is to say, there is no meeting of the stockholders to act on that until February?

A. No, sir.

Q. Very well, I ask you about the report of the year preceding?

A. Yes, sir; you said 1875.

Q. Well, that is what I mean; the meeting of February, 1875?

A. Well, sir, I misunderstood you.

Q. Just understand me; in 1874, these transactions of which you have now just spoken had been made?

A. Yes, sir.

Q. Now, then, you make a report up to November, 1874, and it is submitted and acted upon by your stockholders at the meeting in February, 1875?

A. That is so; yes, sir.

Q. Now we understand it; well, did you say anything about that, in that report?

A. No, sir.

Q. Why didn't you; were you directed not to; was it not intended, then?

Mr. SHATTUCK. Well, wait until he answers.

Q. (By Mr. THOMAS.) Well, was it not intended, then, that the stockholders should not know anything about it?

A. It was intended that the whole thing should be kept so far a secret, so that the company—

Mr. THOMAS. I want this to be taken down just as he says it.

Mr. SHATTUCK. The reporter is taking it.

WITNESS. —should be kept as closely as could be, until the company had got possession of the Maine Central stock; that is, the controlling portion of it.

Q. (By Mr. THOMAS.) Kept a secret; and wasn't it intended? Now, you know.

A. No, sir.

Q. My question is, was it not intended that the stockholders, at the meeting in February, 1875, should not know anything about it?

A. I could not say about the intent; I could not say about that.

Q. Why not?

A. There was nothing in the report that would give them to understand that the company had a share.

Q. Exactly; that was done designedly, was it not?

A. Done purposely.

Q. Done purposely?

A. Yes, done purposely,

Q. Yes, purposely; that is a better word than mine. Now, then, you see, hadn't they any in November, 1874?

Mr. SHATTUCK. There is a statement in the report.

Mr. THOMAS. Not a bit of it; I have been through the report.

WITNESS. I understand your question to be whether the Maine Central stock was mentioned in the report; it was not.

Q. (By Mr. THOMAS.) Yes, sir; you understood me and I understood you. Now, Mr. Parker, hadn't you, in November, 1874, when you made up that report, hadn't you completed your purchases in this stock?

A. No, sir.

Q. Hadn't?

A. No, sir; they are not completed to-day, sir.

Q. Now, Mr. Parker, you made your returns to the legislature in February or January, 1875?

A. Yes, sir; in September, 1875.

Q. September, 1875?

A. September 30, 1875.

Q. Well, you made no mention there?

A. Yes, we did.

Q. What, of this stock?

A. Yes, sir.

Q. That you had bought it?

A. Yes, sir; and the prices we had paid for it.

Q. That was last September?

A. Yes, sir; that was the first intimation.

Q. Yes, sir; this last September, but not in September, 1874?

A. No, sir.

Q. And Mr. Lawrence, in his report, mentions it distinctly?

A. Certainly.

Q. And tells us how many shares there are?

A. Fifteen thousand two hundred and seventy-four.

Q. And how much they cost?

A. Yes, sir.

Q. Now, won't you tell us when you paid out any more money on account of this stock, up to the time that you stopped paying?

A. Oh, in May.

Q. You said in May, 1875; but I asked you if there was none between 1874?

- A. Nothing between June, 1874, and March, 1875.
- Q. How much did you pay in March, 1875?
- A. One hundred and thirty thousand dollars.
- Q. Who did you pay that to?
- A. I think we paid that to Mr. Cook.
- Q. What Cook?
- A. James P. Cook.
- Q. And what had he to do with it?
- A. He held the stock of the Maine Central road that we were to buy.
- Q. You were to buy?
- A. Yes, sir.
- Q. Had you made any contract with him?
- A. No, sir; it came in part of the same contract which I spoke of, in 1873.
- Q. Who bargained with Mr. Cook?
- A. I could not say; my impression is it was Mr. Wooldredge, but I could not say.
- Q. Don't you know?
- A. No, sir.
- Q. Well, Mr. Lawrence hasn't made any such bargain, that you know of?
- A. No, sir.
- Q. Well, don't you know it was Mr. Wooldredge?
- A. I think it was Mr. Wooldredge and Mr. Johnson and Mr. Jones, but I will not be sure about it.
- Q. Did Mr. Haven know anything about it?
- A. I could not say; he says he didn't.
- Q. He says he didn't know anything about it. Now, what is Mr. Cook's occupation?
- A. Merchant, his profession is.
- Q. Where did he get this stock?
- A. I could not say.
- Q. When did you make your contract with him, or when did Mr. Wooldredge make the contract, to buy it of him?
- A. That I could not tell you; it was paid for in March.
- Q. Was there ever any written contract with him, that you ever saw—with Mr. Cook—written contract?
- A. No; there was an agreement with him.
- Q. Well, any written agreement?
- A. There is a written agreement.
- Q. Where is that?
- A. That I haven't got.
- Q. Where is it?
- A. At the office.
- Q. You have got it there?
- A. Yes, sir.
- Q. Is it between you and him, or between Mr. Wooldredge and him?
- A. I could not say as to that, sir; my impression is, it is between Mr. Cook and the company—that is, the Eastern Railroad Company.

- Q. Well, who signed it for the company?
- A. I think it is approved by the president, Mr. Wooldredge; by Mr. Johnson, and by Mr. Jones.
- Q. Approved by them?
- A. Yes, sir.
- Q. Well, did you sign it?
- A. My impression is, I did.
- Q. Then you signed it?
- A. I think I did.
- Q. Don't you know whether you signed it, Mr. Parker, at that time?
- A. I could not state positively on that, because I do not recollect.
- Q. What did you agree to pay him a share?
- A. Sixty dollars, I think.
- Q. Sixty dollars a share?
- A. Yes, sir.
- Q. Do you know what the market price was when you agreed to pay him \$60 a share?
- A. I haven't the slightest idea.
- Q. Do you know whom he got the stock of?
- A. I do not. The stock all came to us in his own name.
- Q. Well, now, let us see. We have already spoken of what was done in 1873; we will not go over that. Now, what have you done with the stock that you have bought subsequently to 1873,—in 1874 and 1875?
- A. That is transferred.
- Q. Begin, step by step, if there is more than one transfer, and tell us the first?
- A. The first, I told you, was transferred to Mr. Hooper and Mr. Wooldredge.
- Q. Yes, sir; you told us that. Before you go on with that, will you tell the Committee, in the meantime, whether Mr. Cook was one of the directors of this company?
- A. He was not a director.
- Q. Mr. Cook was not a director, and never has been?
- A. He was a director of the company about six weeks, this last autumn. My impression is, from December to February of this year,—December of 1875 to February of 1876.
- Q. How was he elected?
- A. He was elected to fill the vacancy created by the resignation of Mr. Hooper.
- Q. Mr. Hooper?
- A. Yes, sir.
- Q. And made this transaction when?
- A. This transaction was made in February, 1875.
- Q. February, 1875?
- A. Yes, sir; a year ago.
- Q. And then he resigned afterwards?
- A. No, sir; he was not re-elected.
- Q. What did you find was done with that stock?

Mr. SHATTUCK. Well, you misstate it there; you said, after Mr. Cook sold the stock he resigned as director.

A. No, sir; I stated, positively, he was not a director until December, 1875, and he sold his stock a year before—in February, 1875. He only remained a director until the election in February, 1876

Q. (By Mr. THOMAS.) Now, what did you do with this stock?

A. One thousand shares were transferred to the Manchester Savings Bank, of Manchester, N. H., as collateral for the company's note of \$30,000.

Q. When was that?

A. That was done in May, 1874.

Q. May, 1874?

A. Excuse me—May, 1875.

Q. May, 1875?

A. Yes, sir; one year later. A thousand shares were transferred, as collateral for a special loan, to the Bank of Commerce.

Q. For what?

A. A special loan—to the Bank of Commerce.

Q. That is, a temporary loan?

A. We pledged a thousand shares for that.

Q. Well, you made these pledges?

A. Yes, sir.

Q. And signed them?

A. Yes, sir.

Q. And gave the company's note?

A. Yes, sir.

Q. And these were put as collateral for them?

A. Yes, sir. Two thousand seven hundred and sixty-two shares remained, of which we gave, I think, 2,000 shares to the Merchants' Bank for another special loan of \$25,000; and 700 shares for a special loan to the Mercantile Bank. Those remain as collaterals for the loans to-day.

Q. Have you got any of those shares in your possession now?

A. I think I have 62; one a certificate of 50 shares, and one of 12 shares

Q. Have those been transferred to you?

A. No, sir.

Q. Where did you get those?

A. They formed a part of the stock that came to us from Mr. Cook and Mr. Johnson.

Q. Oh! did you get some stock from Mr. Johnson?

A. The stock was transferred to him, to make him a director in the road,—one hundred shares, to make him a director in the Maine Central road.

Q. This stock was transferred by the company to him, to make him a director. He didn't buy it, but the company put it in his name?

A. Yes, sir.

Q. Well, but you put it in his name, as trustee?

A. Yes, sir; I put it in his name, as trustee.

Q. The company had nothing to do with it; it is only because you were trustee?

A. That is all.

Q. All that the company had to do with it was, to let you check out their money, and pledge it?

A. That is all.

Q. Well, you have only these 62 shares in your control?

A. That is all I have at present. Let me understand you: On payment of the notes, we understand this is to come back. Do you so understand it?

Q. I understand this is not sold, but pledged for collateral.

A. That is what I mean.

Q. Of course, the Committee understand that that is pledged as collateral. When was the last purchase you made of these shares?

A. The last payment was in May, 1875.

Q. Well, when you made these several payments, did you take certificates, correspondingly, of shares?

A. Usually I did; yes, sir.

Q. Then, if there was any contract previously, you would regard the purchases as having been made at the time when you paid for them; shouldn't you?

A. No, sir. I should regard the contract as dated in 1873.

Q. Now, you didn't quite understand me, perhaps, Mr. Parker. I suggested that, if there had been any contract for the purchase, you would have regarded the purchase, I suppose, as having been made at the time when you paid for the stock?

A. If there had been any contract?

Q. Yes.

A. Yes, sir.

Q. That is to say, if it should be found that the purchase is not embraced in those contracts of which you have spoken, then you would regard the purchase as made at the time when you paid for the stock?

A. No, sir; I should not, because I understand the contract was made in February, 1873, for a number of shares to be delivered from time to time.

Q. There, I see at once you don't understand me. I say if it should be found that you were mistaken about the contract embracing this as a purchase,—compelling the company to take it,—then you would regard the purchase to have been made when you paid for it?

Mr. SHATTUCK. Why ask such a question as that?

WITNESS. I don't think I clearly understand it.

Mr. THOMAS. Well, Mr. Shattuck suggests why I ask it, and I will omit it then.

Q. Can you tell us how much you paid out on account, or for these 15,274 shares of stock in the Maine Central Railroad Company, which are mentioned in your president's last report?

A. He paid \$1,014,780.49, including the interest.

Q. And yet you say to-day, that you know nothing of the market-

value of this stock at all, never have heard it spoken of, and don't know that there was any in the market at all?

A. I do not.

Q. Well, can you tell us how it is, that it is put down in this property account here as of the value of \$859,895.81?

A. It was valued by a committee of the directors at about \$50 a share.

Q. When?

A. This last November.

Q. Well, then, you have heard the value spoken of?

A. Nothing, except in the committee.

Q. Well, you have heard it spoken of there, and it was valued at about \$50 a share then?

A. Yes, sir; and the same committee valued Woltborough stock at nothing.

Q. Well, then, what do you mean: that the gentlemen of this Committee should understand that the estimate of the value of your committee is not good for anything?

A. No, sir; I don't mean for them to understand any such thing. I mean that the value is estimated at one thing, and the market price at another.

Q. Do you mean to say that the committee of your directors were in error in estimating it at \$50?

A. I don't mean to say any such thing; I mean to say this, that there was no market value for that stock, that I knew of at the time, and the committee fixed the value at \$50 a share.

Q. Well, then, regardless of the market value, but looking at the fair value,—the intrinsic value if you please, although I don't believe there is a cent in that,—but looking at the fair value of the stock, what should you say the fair value of it was at this time when you made the purchase?

A. I should say, if the company could get one share more than one-half of this stock, it would be rightly worth \$100 a share.

Q. What should you say the value of the stock was; no matter about the if?

A. I don't know; I haven't any idea.

Q. Let me see if I understand you; you mean this: two persons own a vessel; one wants to get the control of it and he bought one-sixteenth, which would give him a major part of the vessel; he would pay a great deal more than a fair value; that is your idea?

A. That is my idea, precisely.

Q. And the committee estimated this, as a fair value, at \$50 a share; and for some of it, from Mr. Rice, you paid \$100?

A. Yes, sir.

Q. Is not there some record of these directors about this stock?

A. No record, other than the 10th of May, I think it is.

Q. Well, that is what I want to get; the 10th of May.

A. The 10th of May, I think there is a record.

Q. While you are looking for that, you can also answer a question: Has not Mr. Haven protested against that record, and said it was made afterwards; or, to use his own words, "Surreptitiously put in"?

A. He has made such a statement.

Q. Is it true?

A. I shall stand by the writing.

Q. Well, then, it is not true, is it?

A. I have never been charged with falsifying statements before, and I certainly shall not do it now. Here is the record [handing the book to Mr. Thomas]. May the 10th, 1875; that is the record.

Mr. THOMAS [reading from the book] :—

“ Boston, May 10, 1875.

“ A meeting of the directors was holden this day, at their office, No. 28 State Street, all of the directors present, except Messrs. Jones and Johnson.

“ On motion of Mr. Williams, seconded by Mr. Hooper, it was voted, that this board hereby ratifies and approves the action heretofore taken by the finance committee, in procuring the purchase and control of the stock in the Maine Central Railroad Company, for the benefit of this corporation.

“ On motion of Mr. Williams, seconded by Mr. Haven, it was voted, that the president be and he is hereby authorized to execute the contract with the Portland and Ogdensburg Railroad.”

Q. Is that anything to do with it?

A. No, sir.

Mr. THOMAS. Then I will not read it. The first part refers to what we are investigating. In the margin it says, “ Purchase and control of the Maine Central Railroad approved.”

Q. You have stated, as I understand your testimony, that you never had any direction from anybody about it, except from Mr. Lothrop, while he was president, and afterwards from Mr. John Wooldredge, while he was president?

A. I did have interviews with Mr. Hooper.

Q. Well, you have spoken about what you thought Mr. Hooper knew about it, and you thought those other gentlemen knew about it?

A. Yes, sir.

Q. But your directions—

A. My directions came from the president.

Q. Well, what had this finance committee to do about it? It says here, “ Taken by the finance committee in procuring the purchase.” The finance committee, I suppose, was a committee of the directors?

A. Yes, sir.

Q. And did they keep records also?

A. No, sir.

Q. And did you attend the meetings of the finance committee?

A. The meetings of the finance committee? Sometimes I did, and sometimes I did not; they were seldom called together officially.

Q. They were seldom called together?

A. Seldom called together officially.

Q. Were you present at any meeting of the finance committee when the finance committee voted to purchase this stock?

A. No, sir.

Q. No such meeting that you ever knew?

A. No, sir.

Q. Never heard of it, did you?

A. No, sir.

Q. Well, then, who dictated this?

A. Mr. Williams, it seems, put the motion.

Q. Well, now, you haven't spoken of Mr. Williams as knowing anything about it?

A. I don't think Mr. Williams ever knew about that until he offered this vote, except by hearsay.

Q. Did you ever tell him about it?

A. Never,

Q. Do you know of anybody that he ever did hear it from?

A. I do not.

Q. Well, then, how did it happen that this Mr. Williams, who never knew anything about it, except by hearsay, and never heard it spoken of by you, should make this motion about the finance committee?

A. My understanding was this: that the motion was read by the president, and passed to Mr. Williams, who sat next to the president, to be offered. I think Mr. Williams read the vote; it was seconded by Mr. Hooper, and then passed down to me to be recorded.

Q. Well, then, your statement, if I understand you, is that the vote was drawn by Mr. Lothrop?

A. No, sir.

Q. By Mr. Wooldredge?

A. The vote was drawn by the directions of the president.

Q. Who was the president—Mr. Woolredge?

A. Yes; Mr. Wooldredge was president.

Q. Did you draw it?

A. No, sir.

Q. Well, who drew it?

A. I think Mr. Russell drew it.

Q. Was Mr. Russell at this meeting?

A. No, sir; Mr. Russell was counsel for the company.

Q. Well, then, it was brought there by somebody?

A. Brought there by the president.

Q. Then it was brought there by Mr. Wooldredge?

A. Yes, sir.

Q. Then, this vote was brought by the president, who passed it to Mr. Williams, who offered it at the request of Mr. Wooldredge, and Mr. Hooper seconded it; that is so, is it?

A. Yes, sir.

Q. And then it was passed in that way?

A. Yes, sir; I haven't the slightest doubt about it.

Q. Well, then, it was brought by Mr. Wooldredge, and drawn up by his counsel?

A. Yes, sir. Not ~~his~~ counsel.

Q. You said the counsel for the road, who was Mr. Russell; but you didn't get him to do it?

A. No, sir.

Q. And you don't know anybody who got Mr. Russell to draw it, except Mr. Wooldredge?

A. I don't know that Mr. Wooldredge got him to draw it.

Q. Well, somebody got him to draw it, and Mr. Wooldredge brought it there and presented it?

A. Yes, sir.

Q. Have you any record of anything else about this?

A. I think there is no other record.

Q. This is in May, 1875?

A. I think there is no other record concerning the Maine Central stock, except authorizing its transfer.

Q. Authorizing its transfer?

A. Yes, sir; referring to what I spoke to you about—these pledged loans.

Q. Well, a record of what—the directors?

A. Yes, sir.

Q. Well, why should they authorize it? If you were trustee, why could not you do as you liked to?

A. The trust had ceased then; the property had gone out of my hands, and the trust was vacated.

Q. Well, then, the trust was vacated?

A. Yes, sir.

Q. Well, now, who owns the right to redeem this stock now?

A. The Eastern Railroad Company.

Q. Well, you never did anything to transfer it to the company, except pledging it?

A. I transferred it under the direction of the president of the company.

Q. Well, you have told that. Well, now, let us see that vote of the directors, authorizing you to pledge this stock.

A. You asked me a question, if the company had ever bought any other stock, a few moments ago, didn't you?

Q. I believe I did.

A. I should like to correct the statement; I said they had bought none. We were entitled, when the Pullman car came on to the road, to take our proportion of stock, 390 shares at par value, which was then selling at about 112 or 114. We availed ourselves of that, and paid \$39,000 for 390 shares.

Q. That you have got now?

A. That was pledged to the Merchants' Bank for a loan.

A. When did you pledge it?

A. That was pledged three years ago.

Q. Well, what was that pledged there for?

A. I should like to correct that, because it just occurs to me.

Q. Have you got the record there?

A. I am finding it. Here it is, sir.

Q. That is November 30?

A. That is last November.

Q. Well, who was present when that was passed?

A. Who was present at the meeting?

Q. Yes.

A. The directors present were the president, and Messrs. Cook, Johnson and Williams.

Mr. THOMAS. This appears to be—if the Committee please—"record of the directors." "Boston, Nov. 30, '75. A meeting of the directors was holden this evening at the house of Mr. John Wooldredge, in Boston. Directors present are the president, and Messrs. Cook, Johnson, Williams and Wooldredge. The committee on ways and means reported, etc., Voted, That the treasurer be authorized to borrow sums, not exceeding the total of \$60,000 in all, on demand, at and not exceeding the rate of 7 per cent. per annum interest, and give to the lenders, as collateral security, 2,700 shares of stock in the Maine Central Railroad, with authority to sell the same, at public or private sale, without notice, on the company's payment of the notes."

Q. That vote was passed?

A. Yes, sir.

Q. Mr. Haven don't appear to have been present at that meeting?

A. No, sir.

Q. Mr. Williams was a director?

A. Yes, sir.

Q. Well, this was November 30; when was it that Mr. Wooldredge resigned?

A. October 28; Mr. Lawrence was president at that time.

Q. Was Mr. Lawrence present at this meeting?

A. Certainly.

Q. He was present at this meeting?

A. It states that the president was present—the president and the other directors.

Q. It does; you are right; that is so. Well, those are the only records there are?

A. A record after that authorizing—

Q. You have got about 62 shares, you say, in your possession,—you say now,—and only that?

A. Yes, sir; that is the difference between the transfer and the amount pledged.

Q. Do you know whether, during any part of this time, Mr. Cook held any shares in the Maine Central Railroad?

A. I do not.

Q. You don't know where any of these came from, in point of truth; you know they came from Mr. Ward, but where they came from, except Judge Rice's,—that is the only case you know?

A. Yes, sir.

Q. And you don't know whether this corporation issued bonds?

A. I don't know; I never saw any of their bonds.

Q. Mr. Johnson had no stock in it, but you transferred some to him, to make him a director?

A. Yes, sir; that is the record I refer to.

Mr. THOMAS. This is December 4th, 1875: "On motion of Mr. Johnson, seconded by Mr. Williams, it was voted that 4,919 shares of the Maine Central Railroad Company's stock, now held by John Wooldredge, to secure himself, and Thornton K. Lothrop, against their guarantee of the note of the corporation for \$50,000, now held by the Institution of Savings in Newburyport and its vicinity, be pledged to said bank as security for said note, and that said Wooldredge be authorized and requested to transfer such stock to said institution, to be held as security for said note or any renewal thereof, and the protection of the said guarantors."

Q. They were indorsers on this note, as you have already stated, —Lothrop and Wooldredge?

A. Yes, sir.

Q. And the note is unpaid yet?

A. Yes, sir. Excuse me, they were not indorsers; the note was in the common form, with a principal and two sureties.

Q. Well, they were co-promissors?

A. Yes, sir.

Q. (By Mr. SHATTUCK.) Was the stock transferred to any other of the Eastern Railroad directors,—stock in the Maine Central Railroad,—to make them directors?

A. I think not; I do not remember of any stock being transferred to any director of the Eastern Railroad Company, except to Mr. Johnson, to make them directors.

Q. Wasn't there to Mr. Cummings?

A. There was some stock transferred for that purpose to Mr. Cummings. Excuse me, it had gone from my mind that he was a director in this road.

Q. (By Mr. THOMAS.) Well, Mr. Cummings had nothing to do with anything about the purchase of this stock?

A. Not that I am aware of.

Q. Did he know about it?

A. I think he did.

Q. When?

A. I think he knew about it in April.

Q. April, what year?

A. This last April; April, 1875.

Q. April, 1875?

A. I think he did; I could not state that positively.

Q. Has he been present at any of these meetings where the purchase has been sanctioned? I don't see him on that record there.

A. No, sir; I don't think that he was present.

Q. Well, now, to finish this briefly; these shares are put down at 50

cents on the dollar—now, can you tell us the sum in the aggregate for which these shares are pledged, minus the 62?

A. Yes, sir.

Q. To different persons?

Q. (By Mr. SHATTUCK.) Will you look at that record before you answer the last question, as to who were present authorizing that purchase?

A. Mr. Cummings was present at that meeting.

Q. (By Mr. THOMAS) What meeting?

A. May 10, 1875; it says, all the directors were present, except Messrs. Johnson and Jones.

Q. Well, do you recollect anything Mr. Cummings said about it?

A. I do not.

Q. Has there been any word of discussion at any of these meetings, that you recollect?

A. Not a word of discussion, that I ever heard of.

Q. Well, you have told us how Mr. Williams passed that vote; that Mr. Wooldredge brought it in, written by Mr. Russell, and that he made the motion. Did Mr. Williams know anything about this, before this?

A. Not to my knowledge.

Q. He didn't?

A. Not to my knowledge.

Q. And yet he passed that vote, and not a word said? Well, he offered this vote, and said not a word about it? Didn't he say, "How comes this?—what does this mean?"

A. I think it was stated by the president, that it was necessary to pass that vote to complete the purchase of the Maine Central stock.

Q. That is what was said?

A. That is my impression. I don't state that positively.

Q. Will all these purchases appear on your ledger? Haven't you got a separate account of the shares in the Maine Central Railroad on your books?

A. I think we have.

Q. You know you have—you keep the books?

A. Yes, sir.

Q. Well, weren't these books open to all the directors, so that they could look at them, if they chose?

A. Certainly.

Q. Did they look at them?

A. Quite often; I will not say that they all have done it.

Q. Well, would not they have known it, if they had looked over your books?

A. They would have seen that item, "Loan to trustee."

Q. Well, you can turn to it in a minute, and show us the items on your books?

A. The items are simply, "Loan to trustee."

Q. Not a word said about Maine Central Railroad stock?

A. Not a word.

Q. Well, how would they know? I asked you if you had got an entry in your ledger showing the stock of the Maine Central Railroad?

A. We have not now.

Q. Well, why didn't you put it down when you bought it, and when you transferred some of the stock, charge it off?

A. We entered that as we were directed to do; the money in the first place was loaned to the trustee, to purchase that stock.

Q. Well, then, a director looking over your books would not know, if he looked ever so far?

A. No, sir; unless he inquired what that loan was.

Q. Unless he inquired what that loan was; so that he would not know from the books what it was?

A. No, sir.

Q. Well, I will now ask you how much this was pledged for—how much is due; it is put down at about \$860,000?

A. About \$420,000; I think exactly that.

Q. It is pledged for about \$420,000?

A. Yes, sir.

Q. That is, your account of this Maine Central road stands in this way: if this estimate of its value be true,—if it is worth \$860,000,—you have a margin there of about \$400,000?

A. About \$420,000; it would leave us about \$440,000.

Q. This is the margin you think you have got there?

A. Yes, sir.

Q. And then you have got on hand, plus that, 62 shares?

A. Yes.

Q. Which, at \$50 a share, would make—

A. Three thousand one hundred dollars.

Q. That is how that account stands?

A. Yes, sir.

Q. (By Mr. OSGOOD.) You said, Mr. Parker, if I understood you, that some of this stock stood in the name of Mr. George Ward, and that it remained in his name—that it was not transferred?

A. Yes, sir; I held the certificates in his name for a considerable time, and then had them transferred to Mr. Hooper and Mr. Wooldredge.

Q. Where does Mr. George Ward live?

A. I think he resides in Boston.

Q. And what is his business, if you know?

A. He was formerly treasurer of the Lewiston mills, I believe; I don't know that he is not to-day; he was treasurer, my impression is, of the Lewiston mills, and I think he is now.

Q. Is he a director in the Maine Central Railroad?

A. He is, sir?

Q. (By Mr. THOMAS.) He wasn't a broker?

A. No, sir; he has been a director there for quite a number of years.

Q. (By the CHAIRMAN.) I understand you, Mr. Parker, that all these transactions, in reference to the Maine Central stock, were unknown to the majority of the directors and stockholders?

A. I think they were known to not more than four, and not less than three ?

Q. (By Mr. WILLIAMS) ' Until May, 1875 ?

A. Yes, sir.

Q. (By the CHAIRMAN.) The publication of it, or a knowledge of it on the part of the stockholders and directors, would defeat the object, as I understand it ?

A. Yes, sir ; exactly.

Q. The finance committee did this ?

A. That is, the president, and Mr. Hooper and Mr. Haven, were the finance committee

Q. Well, has it always been considered, since you have been connected with the road, that the finance committee were authorized to make these transactions in reference to stock purchases, and then ratify it afterwards ?

A. Yes, sir ; the finance committee were a committee with very large powers, indeed ; and the directors have always ratified what they have done.

Q. Well, is there any statement of the powers of the finance committee ?

A. No, sir ; no statement at all.

Q. Or by-laws, I mean ?

A. There are not by-laws giving them powers.

Q. Was this occasion exceptional to the finance committee, in regard to the Maine Central Railroad Co., or has it been the habit of the finance committee to make these transactions heretofore—transactions of a similar sort—without the knowledge of the directors or the stockholders, or was it limited to this one transaction of the Maine Central Railroad ? I mean to say this, generally, have the stockholders and directors of the Eastern Railroad known what their officers were doing, or have they not ?

A. They have, as a general thing ; so far as it was safe to let the knowledge be known, it has always been known by the company.

Q. So far as it is safe for the principal to know what his servants are doing, you have allowed it ?

A. No, sir ; you don't quite understand me. Had the knowledge of this gone out, the object would have been entirely defeated ; the company could not have gained what they sought ; they sought the protection of the Eastern Railroad property entire ; and had the knowledge gone out of this, it could not be accomplished.

Q. (By Mr. WILLIAMS.) That is, you could not let your own stockholders know, without letting the stockholders of the Maine Central know ?

A. Yes, sir.

Q. (By the CHAIRMAN) Could not you let your directors know, for fear they would tell it ?

A. I should not like to state that. It would have to be confined to as few as possible.

Q. (By Mr. NOBLE.) That is, you trusted the finance committee, but could not trust the board of directors?

A. I should not like to state that; I can only say it was advisable to confine it to as few as possible.

Q. (By Mr. THOMAS.) What services did Judge Rice ever render, in point of truth, to the Eastern Railroad, in consideration of this large amount of money you paid him, that you know?

A. I don't know, sir.

Q. Don't you know that he never rendered any, except sold you his stock for \$101 or \$100, when you were buying it of others at \$60?

A. I don't know that he ever rendered any service to the corporation, except by the sale of this stock, and putting the power that he had in the Eastern Railroad.

Q. By the sale?

A. Yes, sir; by the sale.

Q. (By Mr. WILLIAMS.) For that he got about \$64,000 more than the others received by buying that stock?

A. Yes, sir.

Q. (By Mr. HEYWOOD.) Under whose directions were you acting when you paid him \$100, while you were paying the others \$60?

A. Under the directions of the president of the Eastern Railroad.

Q. (By Mr. THOMAS.) Did you pay him by note, or in money?

A. Paid him \$50,000 in a note, and the balance in money.

Q. Did you pay the notes when they became due?

A. Yes, sir.

Q. Well, then, he has got his money?

A. A portion of the notes do not come due until this coming June.

Q. Well, how much of the \$58,000 of the company's notes are out for that?

Q. (By Mr. HEYWOOD.) Are these notes in Judge Rice's hands now?

A. I think not.

Q. (By Mr. THOMAS.) Do you know where they went to; do you know who holds them?

A. I think Judge Libby, of Maine, holds them.

Q. Who is he?

A. I don't know; except that he is attorney for Judge Rice..

Q. Well, haven't you had notice that they had been negotiated?

A. No, sir.

Q. Well, then, how did you know Judge Libby held them?

A. Simply because he collected the interest; the transaction was had through him.

Q. (By Mr. OSGOOD.) Were these contracts and purchases made by the Eastern Railroad of New Hampshire?

A. No, sir.

Q. I see the commissioners so stated in their report?

A. The Eastern Railroad of New Hampshire knew nothing about it.

Q. (By Mr. THOMAS.) You gave him your note, not as trustee, but as treasurer of the corporation?

A. Yes, sir.

Q. Didn't Mr. Hooper indorse that note?

A. No, sir.

Q. Didn't somebody indorse it?

A. No, sir.

Q. Didn't Judge Rice decline to take the note, unless it was indorsed?

A. No, sir.

Q. So far as you know, then, there is no indorsement on it?

A. Not a particle of indorsement. The note reads like this: "The company, by order of their treasurer, promise to pay to the order of their treasurer."

Q. Note made payable to your order, and indorsed by you?

A. Yes, sir.

Q. (By Mr. HEYWOOD.) What entry did you make on your books, when you made that note?

A. Loan to trustee.

Q. (By Mr. THOMAS.) Well, now, who, except they were inside the ring,—I don't want to use an offensive term,—could understand all about that?

A. No one.

Q. Suppose you had died, and nobody knew anything about it but you; did your executor know what it meant?

A. No, sir.

Q. Well, now, let us look at another thing. When did you first pay for any shares in the stock of the Portsmouth, Great Falls & Conway Railroad Company?

A. I don't think we ever paid for any, except to loan the corporation money, and converted the book-debt of the company into stock.

Q. Foreclosed?

A. No, sir.

Q. Converted it into stock?

A. Yes, sir.

Q. Well, when did your transaction in that matter begin?

A. I think that begins in 1872.

Q. What is the first transaction you had relating to that?

Mr. SHATTUCK. What road did you say?

Mr. THOMAS. The Portsmouth, Great Falls & Conway Railroad Company.

Q. When was your first transaction commenced?

A. I think that begins with May, 1872.

Q. What was that transaction?

A. The transaction was bills paid for their account for contractors, \$53,895.28. The arrangement for finishing the road from West Ossipee to Conway was, that the Eastern Railroad should furnish the money needed to build it, and take stock in the Conway road for its pay.

Q. (By Mr. SHATTUCK.) Won't you state that again?

A. In May, 1872, the first payment I notice here is \$53,895, for bills paid contractors. That was under the arrangement for the finishing of the road from West Ossipee to Conway.

Q. What did the Eastern Railroad do?

A. It was to have the stock of the Portsmouth, Great Falls & Conway Railroad for moneys advanced. They were to advance money for the completion of the road, and take the pay in stock and bonds of that corporation.

Q. (By Mr. THOMAS.) How was that arrangement made,—by your directors?

A. I think it was.

Q. Have you got it recorded?

A. I think there is a vote.

Q. Never bought any of the shares of stock, you say?

A. Never bought any of the shares, at all. They converted it into a loan. This is the vote:—

[Mr. THOMAS, reading the vote from the records.]

“BOSTON, October 11, 1871. The president called the attention of the board to the financial condition of the Portsmouth, Great Falls & Conway Railroad; and, on motion of Mr. Hogden, seconded by Gov. Goodwin, it was voted: ‘That the treasurer of this company be, and he is hereby, authorized to transfer to the Portsmouth, Great Falls & Conway Railroad, from time to time, under the direction of the committee on finance, such sums of money as may be needed for finishing and occupying said road, till a further issue of stock by the road.’”

Q. (By Mr. THOMAS.) Had you, at that time, any contract with that road?

A. We had a lease of the road.

Q. Had a lease of the road, at that time?

A. Yes.

Q. You never bought any shares; you now own, it appears by this report, 5,513 shares?

A. Yes.

Q. How have they come into your possession?

A. By converting the book-debt into a stock.

Q. That is the book-debt, or loan—the amount you had against them?

A. The money debts.

Q. This was converted into the stock of that road; you took their stock?

A. Yes.

Q. When was that done?

A. That was three years ago—in 1872, or 1873.

Q. Who was president then?

A. Mr. Lothrop, I think.

Q. Mr. Lothrop was president?

A. Yes.

Q. Have you had any control, or made any examination, of the books of the Portsmouth, Great Falls & Conway Railroad Company?

A. No; excepting so far as they come into our possession.

Q. Well, they did come into your possession?

A. Yes; they did come into our possession.

Q. Did any one of your directors own any stock in that railroad?

A. My impression is, all of them owned it.

Q. Won't you tell us who all of them are, because they have been changing?

A. I think Mr. Hooper, Mr. Lothrop,—I won't be positive about Mr. Wiggin— Governor Goodwin owned it; I think Mr. Jones owned it; Mr. Jackson—

Q. Don't you know that Mr. Hooper held bonds in this railroad,—this Portsmouth, Great Falls & Conway? Don't you know he held their bonds?

A. Certainly I did; I sold them to him, myself.

Q. How did you get them?

A. By the conversion of the balance of the debt into bonds.

Q. When did you sell them to him?

A. I think in November, 1874.

Q. In November, 1874?

A. In November, 1874, I think.

Q. How much did you sell him?

A. One hundred thousand dollars.

Q. Get the money?

A. Certainly.

Q. Well, I don't know "certainly," as you say. I didn't know whether you got it or not; I didn't know but you got something else.

A. We got the money; yes.

Q. How many bonds did you transfer for \$100,000?

A. We transferred \$100,000 at \$80 a bond.

Q. At \$80 a bond, you furnished them to him?

A. Yes.

Q. How came you by them?

A. Converting the bills of our book-account into bonds.

Q. You took the bonds, then, of that company?

A. Certainly.

Q. Took the bonds?

A. Yes.

Q. And sold them to Mr. Hooper?

A. I sold a portion to Mr. Hooper.

Q. You sold Mr. Hooper, how many?

A. One hundred thousand dollars.

Q. How many bonds, at \$80 a bond?

A. I sold him \$100,000 worth of bonds, at 80 per cent.,—that is \$80,000.

Q. When was that?

A. In November, 1874.

Q. You held them as treasurer?

A. Yes.

Q. And transferred them to him?

A. They were hand documents. We sold them.

Q. You sold them to him?

A. Yes, sold them.

- Q. What other director had any ?
A. I think Mr. Lothrop had some.
Q. How many did he have ?
A. My impression is, \$6,000.
Q. Mr. Lothrop had some. What did he pay ?
A. Same price.
Q. How many did Mr. Wooldredge have ?
A. My impression is, \$25,000 at the same price. They were very freely in the market.
Q. I don't ask that. What other director had any ?
A. My impression is that Gov. Goodwin had three or five thousand.
Q. Well, anybody in Massachusetts—any Massachusetts people ? He is down in New Hampshire, isn't he ?
A. Gov. Goodwin ?
Q. Yes.
A. Yes.
Q. Anybody here ? Mr. Hogden have any ?
A. I don't think he did.
Q. Mr. Williams have any ?
A. No, sir ; he did not.
Q. Mr. Jones have any ?
A. Mr. Jones had some.
Q. How many did he have ?
A. Mr. Jones had \$30,000.
Q. He had them at \$80 ?
A. He had them at \$80.
Q. Mr. Johnson have any ?
A. I think he had.
Q. If there is any other director, you can recollect, had any ?
A. I don't remember any other director.
Q. Did Mr. Bates have any ?
A. Mr. Bates never had any.
Q. Never had any ?
A. No, sir.
Q. Well, what have you done with this stock—these 5,513 shares ?
A. They are in the company's possession ; we have them now.
Q. No disposition has ever been made of them ; never been pledged ?
A. No, sir.
Q. What did they cost you ?
A. Par.
Q. Cost you par ?
A. Yes.
Q. In the settlement of this account ?
A. Yes, in the settlement of account.
Q. What are they selling for now ?
A. I don't think there is any market value in them at all.
Q. No value in them at all ?

- A. No market value,
Q. You don't think, really, there is any value, whether they are on the market or not?
A. No, sir.
Q. No value in the bonds, then?
A. I think there is. No value in the stock; but I think there is value in the bonds. I think the bonds are worth par.
Q. Par?
A. I think the road can be made to pay the interest on the bonds.
Q. You think the bonds are worth par?
A. I think they are. I think in two years to come, they will be worth par.
Q. So that item you would not consider worth a cent?
A. Not at present.
Q. Not at present?
A. Not at present.
Q. Then they have no value?
A. O, yes.
Q. Have you got any of the bonds?
A. We hold the franchise of the road.
Q. Never lost that? Have you got any of the bonds—the Eastern road?
A. Yes; we have \$486,000. I think it is \$486,000.
Q. You think these are good?
A. I have no doubt of it.
Q. When was this? I believe you have stated it, but I don't recall it; but I want to know when this purchase of the stock made by you was?
A. In 1872 and 1873, we converted the bonds—
Q. Yes, you have stated that. To that you say these bonds, you think, are good?
A. I should say they are good.
Q. At par?
A. They would not sell at par, now; but I should think, perhaps, in a year and a half the road will earn the interest.
Q. What was the last sale for?
A. The last sale was \$80.
Q. That was made by you. Weren't there any sales in the market?
A. I don't know of a sale.
Q. As far as you know, Mr. Hooper held these, at the time of his decease?
A. Yes.
Q. Held \$100,000, didn't he?
A. One hundred thousand dollars.
Q. At the time of his decease?
A. Yes sir.
Q. [Reading.] "Payable in 1892, with interest from 1874." Have not paid any interest since 1874?
A. Yes, the interest was paid December, 1875.

Q. The interest on these bonds?

A. Yes. The Eastern Railroad guaranteed the interest, and paid them.

Q. You paid them?

A. Yes, sir.

Q. Have not paid Mr. Hooper his?

A. We have paid everything.

Q. The reason I ask the question is, I see in the inventory of his estate, there is an item of \$100,000 in Portsmouth, Great Falls & Conway bonds, with interest from 1874. That is the reason I asked the question.

A. My impression is, we paid the coupons the first of December. I know we did.

Q. Isn't it on your cash-book?

A. I haven't the December cash-book here. When was that inventory taken?

A. It was taken after he died, of course, in the probate court of Boston. You said his coupons—

A. Mr. Hooper didn't collect his December coupons till April.

Q. They may have been collected since his decease?

A. Yes.

Q. That, very likely, is so. What were your transactions with the Wolfborough company?

A. The same; precisely the same.

Q. The Eastern Railroad furnished money for the building, or completing, to the amount of \$48,500, and that was transferred into shares?

A. Yes.

Q. Eighteen hundred and seventy-two?

A. Yes.

Q. Is that worth anything?

A. Not worth a cent.

Q. That is put down as of value; but you really don't think there is any value in it?

A. No value whatever.

Q. They issue any bonds?

A. No, sir.

Q. Ever have any of their bonds?

A. They never issued any.

Q. And that was done, just as is explained in Mr. Lawrence's report and the railroad commissioners'?

A. Precisely.

Q. That is the date, about that?

A. That is precisely the same.

The CHAIRMAN. This transaction, Mr. Thomas—we would like to know whether this matter, like the Maine Central, was unknown to the stockholders or the board.

Q. Was this transaction with the Portsmouth, Great Falls & Conway Railroad unknown, or was that known?

A. No, sir; that was fully known to the board?

Q. Isn't this true, then,—in order to get on speedily,—that this trans-

action with the Maine Central Railroad is the only one of that kind—the only one of that character; that is, what you might call unique?

A. Yes.

Q. That is the sole transaction—the only one?

A. Yes, sir.

Q. Then, Mr. Parker, you had no bonds; they never issued any?

A. They never issued any.

Q. Where is that stock—in your hands?

A. Yes, sir.

Q. Good for nothing. Did the town of Wolfborough contribute anything to build this?

A. My impression is, the town of Wolfborough contributed a certain portion of its valuation—I don't remember what. It was under the former treasurer.

Q. Was that carried on to your account?

A. No, sir; it does not come in to our account.

Q. Why not?

A. That was expended in land-damages.

Q. Don't know whose damage?

A. No, sir.

Q. Don't know who got the benefit of it—this expenditure?

A. No, sir.

Q. Don't you?

A. No, sir.

Q. Do you know of any individual that owned any land on the line of this Portsmouth, Great Falls & Conway road—any of your directors?

A. Not a dollar.

Q. Anybody on the Wolfborough Branch?

A. Not a dollar.

Q. Don't you?

A. No, sir.

Q. And who got the land-damage, you don't know, because you don't know who owned the land?

A. Excepting so far as the deeds go. The deeds are in our possession.

Q. That is the very thing. What did the deeds say?

A. They say very many parties.

Q. Whom?

A. One hundred, or fifty, different parties.

Q. That lived in that neighborhood?

A. Yes; right on the line.

Q. Anybody you know?

A. No, sir.

Q. I think you have spoken of this. There was one other item,—the Pullman Car Company,—you think that this of value?

A. They are selling at 88.

Q. They are put down at par. Have you got those in your possession?

A. I told you that they were pledged to the Merchants' Bank.

Q. You did, indeed, for \$3,500; so that there is \$4,000 margin there. There would be no margin, if they were worth only what you say they were.

A. A very small margin.

Q. A small margin, if any, if you think they are worth what you say there. There is an item of ten shares of stock in the Eastern New Hampshire. It will hardly pay to stop on that. The Portsmouth, Great Falls & Conway—you have already spoken of this. Then there is notes receivable; but you may pass from that. I don't want to spend time unnecessarily. What do you know of any land purchased,—the purchase of the ownership,—or any land taken at Bar Harbor, in the State of Maine?

A. I don't know anything about that, sir, excepting the fact that there was paid, my impression is, about \$16,000.

Q. You got a mortgage, didn't you?

A. No, sir.

Q. Didn't?

A. No, sir.

Q. What is it about the mortgage?

A. That I don't know. It has been represented to me that there is certain property down there, on which the company has paid about \$22,000.

Q. Ever have a deed of it?

A. Never had a deed.

Q. Never had a deed of it?

A. No, sir.

Q. Why is not that mentioned in your account of property? Why have you made no mention of it, in any report?

A. If anywhere, it is in the Portland, Saco & Portsmouth road.

Q. When you say, "if anywhere," don't you know whether it is anywhere or nowhere?

A. If anywhere, it is charged to the construction-account of that road.

Q. Don't you know to what it is charged?

A. I think it is charged to land-damage and stations.

Q. It is a parcel of land, on which there is a hotel, at Bar Harbor, and was all sold?

A. I don't know that. It is simply a steamboat landing.

Q. Didn't your company buy it, and agree to pay,—and did pay part of it down,—agree to pay about \$30,000?

A. I heard the price mentioned as \$32,000.

Q. Who mentioned the matter to you?

A. Mr. Lothrop directed me to make the first payment.

Q. And talked with you about it?

A. No.

Q. Didn't you know that a gentleman came up from Maine, and represented to Mr. Lothrop precisely what the truth was, in the matter, and yet he bought it? Do you know that?

A. No, sir; I never heard of it before this moment.

- Q. Who was there that had something to do about it?
- A. Capt. Deering, of one of the steamboats, is the only man I ever heard of.
- Q. Let me see; you were the treasurer of this company?
- A. Yes, sir.
- Q. And you must have paid this money out?
- A. I did, as I told you.
- Q. You gave a check, didn't you?
- A. I think so.
- Q. Whom did you give it to?
- A. I gave it to this Capt. Deering.
- Q. Isn't it on your books?
- A. It is on our check-book.
- Q. Isn't it on your cash-book?
- A. Yes.
- Q. Then, don't you know what you got when you gave the check for \$16,000; what have you got to show for it?
- A. I got a receipt.
- Q. Have you got that?
- A. I think it is in the company's files.
- Q. But this was your receipt,—your voucher,—as treasurer?
- A. Yes.
- Q. Don't you know what you have got?
- A. I presume I have got it, but I should not want to state positively I have; for my vouchers have been overhauled and mislaid.
- Q. You don't lose your vouchers?
- A. I have lost some, in the investigation.
- Q. You paid \$16,000?
- A. Yes, sir.
- Q. And you understood it to be for the purchase of land?
- A. Yes,
- Q. And never got a deed of it?
- A. Never got a deed of it.
- Q. Did you understand how much you were to pay?
- A. I heard we were to pay, at the time, \$32,000.
- Q. Heard—who from?
- A. I think from Mr. Lothrop.
- Q. To whom did you pay this money?
- A. To Capt. Deering; James Deering, I think, it was.
- Q. Did you know who he was?
- A. Yes.
- Q. Who had the land?
- A. I understood the negotiation was made through him.
- Q. Yes, through him; but he didn't own it. You knew he didn't own the land, didn't you?
- A. No; I didn't know who owned the land.
- Q. Who told you to pay; Mr. Lothrop?
- A. Mr. Lothrop.

Q. How long ago was that ?

A. That was in 1872.

Q. And except, as you have said, no mention is made of it at all ?

A. No, sir.

Q. And in this report of Mr. Lawrence, there is no report made of it ?

A. It is part and parcel of the cost of the Portland road, as it came to us.

Q. I know it ; but, my dear sir, haven't you got something to show for it,—a piece of land,—and why didn't you put that into your property-account ? If you had a title to the land, legal or equitable, why didn't you put it into the property-account ?

A. We don't consider it as property.

Q. What is it ?

A. It is merely a steamboat-wharf.

Q. Don't you consider that property ?

A. No, sir.

Q. What did you buy it for ?

A. We considered it simply as right-of-way.

Q. Do you mean, sir, you were told you wanted to pay \$32,000 for right-of-way ?

A. No, sir ; I mean to say this : that the wharf at Bar Harbor was secured, on which to land passengers, for \$32,000.

Q. Didn't you know you were buying a hotel ?

A. No, sir.

Q. Never heard of it at all ? Didn't know it had been run since ?

A. No, sir.

Q. Never heard of that ?

A. I thought it was simply a steamboat-landing.

Q. Didn't you inquire into this matter at all ?

A. Simply acted by the direction of the president to pay this man \$16,000.

Q. That is Mr. Lothrop ?

A. Yes.

Q. Well, who knew of that besides himself ?

A. That I don't know.

Q. Was there any vote of the directors to purchase this land ?

A. I think not.

Q. You know there was not, don't you ? If there was, you would recollect it ?

A. I think I should.

Q. No vote at all ?

A. I don't remember any vote ever being passed.

Q. Then, as I understand, Mr. Lothrop acted in that matter without any vote, so far as you know ?

A. Yes, sir.

Q. Ever talk with Mr. Wooldredge about it ?

A. No, sir.

Q. Mr. Lawrence ?

A. This would not come through the directors of the Eastern Railroad. If there is any record, it would be on the record of the Portland, Saco & Portsmouth.

Q. Who keeps the record?

A. Mr. —.

Q. Down there?

A. Yes.

Q. You are the treasurer?

A. Yes; I was, and still am. The money was paid as Eastern, and I know of no transaction other than the Eastern.

Q. One thing that is not quite clear to my mind is this: when you bought property, of course it was property of some kind—every man will understand that,—you agreed to pay \$32,000 for it, and did actually pay half the money over. Didn't you know, and didn't you understand, you were buying something, and what you were buying, and whether you were to take something to show for it?

A. I understood at the time we were buying the steamboat wharf, or landing. That was the only landing there was at that place.

Q. That would be real estate, wouldn't it?

A. No, sir; it was precisely the same as the right-of-way on which you run your cars, and it would be a proper charge to the cost of the road; it would be franchise property.

Q. Would not the right of way be of some value, and would not you deem it to be of value?

Q. If it was worth \$30,000 to you, wouldn't it be worth something to me?

Mr. SHATTUCK. As a matter of book-keeping, they don't charge as property the road-bed, the permanent way, the franchise; and it is with reference to that that he makes his answer.

Mr. THOMAS. The truth of this, as I shall show the Committee, is, that they did, in point of fact, buy a hotel and a piece of land, and there was a wharf-privilege and a wharf. They bought it, and I only want to find out what they have got to show for it. I was told by a man that negotiated the lease, that they agreed to pay \$32,000, or \$33,000, and I understand they had paid \$16,000 or \$17,000, more or less, and that the balance remained unpaid. And he also told me,—which it is perhaps not proper that I should state,—of conversations which he had with Mr. Lothrop before he bought it.

The CHAIRMAN. The Committee understand that this was an unknown transaction,—never was submitted to the directors at all. Was that so?

Mr. SHATTUCK. He has stated, Mr. Chairman, that it was not bought by this road at all. It was bought by the Portland, Saco & Portsmouth.

Mr. THOMAS. Yes, but it was paid for by this road.

The CHAIRMAN. The purchase was made and accomplished before it was referred to the Eastern Railroad directors, or stockholders—that is the impression we got. I want to know if it was so?

Q. (By Mr. THOMAS.) Was this money paid out, in point of fact, by you, before you knew it had been laid before the board of directors?

A. Yes; I don't think it was ever laid before the board of Eastern directors.

Q. But the Eastern Railroad paid for it?

A. Yes.

Q. And it was purchased out of their funds?

A. Yes.

Q. (By Mr. HEYWOOD.) Let me ask you if the finance committee of the Eastern Railroad board understood anything about it, as you understand it?

A. My impression is, the finance committee would know about it.

Q. (By Mr. THOMAS.) You don't know they did?

Q. (By the CHAIRMAN.) The Committee understand you, it was Mr. Lothrop's individual operation.

A. I got my instructions from Mr. Lothrop.

Q. You also stated you were in doubt whether you got any receipt?

A. I think there was a receipt.

Q. You said you had lost some vouchers in the investigation; what investigation?

A. The investigation of the committee of the directors. Misplaced by the committee, I mean.

Q. (By Mr. THOMAS.) The examination of the directors, for the purpose of preparing the report?

A. Yes.

Q. (By the CHAIRMAN.) You think it may be they are only misplaced?

A. Misplaced. I found two or three of them misplaced, and I think this may be.

Q. (By Mr. OSGOOD.) Do you understand the Portland & Saco purchased this wharf?

A. That is as I understand it. I understand that the Eastern Railroad could not purchase it, but they might purchase it through the Portland & Saco.

Q. (By the CHAIRMAN.) Why did the Eastern Railroad pay for it?

A. The Eastern Railroad have contracted to assume all the debts and liabilities of the Portland & Saco road, and they were made attorneys of the Eastern Railroad, to purchase anything that they, in their judgment, think it advisable to purchase.

Q. (By Mr. THOMAS.) When was this purchase made?

A. It was in 1872. My impression is, in September or October of 1872.

Q. (By Mr. WILLIAMS.) Then, practically, the Eastern bought it in the name of the Portland & Saco, because they could not buy it in their own?

A. That is as I understand it.

Q. (By Mr. HEYWOOD.) Is there any obligation out to pay the balance?

A. Nothing, excepting what has already been paid; I don't know of any obligation.

The CHAIRMAN. Practically, Mr. Lothrop, president of the road, bought it, without consulting anybody?

Mr. SHATTUCK. He don't say but that he might have consulted with everybody else.

The CHAIRMAN. We have asked if there is any record?

A. No, sir, there is no record.

Q. (By Mr. HEYWOOD.) You have paid out \$16,000; what obligation is there for the balance?

A. I don't know of any obligation.

Q. (By Mr. OSGOOD.) Has the Portland & Saco a deed of this property?

A. I understand they have a bond from this man, agreeing to give a deed; I have not seen the bond.

Adjourned to Wednesday, March 15, at 10 A. M.

SECOND HEARING.

RAILROAD COMMITTEE, GREEN ROOM, STATE HOUSE, BOSTON, }
WEDNESDAY, March 15, 1876. }

The Committee met at 10 A. M., in their room, No. 10, West Wing, Senator PALMER in the chair.

TESTIMONY OF JOHN B. PARKER—*Resumed.*

Q. (By Mr THOMAS.) Do you know anything more about the purchase of the Bar Harbor property, other than what you stated yesterday?

A. I have two receipts for payments made on account of that property.

Q. Mr. Chairman, I will read one of the receipts:—

“OFFICE OF THE EASTERN R. R. Co., BOSTON, Oct. 24, 1873.

“Received of the Eastern Railroad Company \$16,500, to be accounted for in accordance with a contract by bond. CHARLES DEERING.”

Now, I would ask you if you can tell me what this contract of bond means?

A. The bond was given by Capt. Deering, as I understand, to give a deed when the property was paid for.

Q. To whom?

A. To the Portland, Saco & Portsmouth Railroad.

Q. In order to make this intelligible, I will go back some time. Were you at that time treasurer of the Portland, Saco & Portsmouth Railroad?

A. I was.

Q. Mr. Lothrop was president?

A. He was.

Q. Were you also clerk?

A. I was not.

Q. But, as treasurer of the road, you kept the papers, contracts, etc. You say the bond was given to that company; why should it not pass into your custody?

A. I don't think I ever saw the bond.

Q. Where is it?

A. It is in the possession of the company's counsel.

Q. Who is that?

A. Judge Nathan Webb, of Portland.

Q. The counsel of the Portland, Saco & Portsmouth Railroad?

A. Yes, sir.

Q. So you never have seen it?

A. No, sir.

Q. The next receipt is:—

“OFFICE OF EASTERN R. R. Co., BOSTON, Aug. 13, 1874.

“Received of the Eastern Railroad Company, \$5,800, for settlement of the Bar Harbor property, being the amount paid to Mrs. Roberts for release of dower and rights (Signed) NATHAN WEBB.”

Mr. Webb, then, was counsel for Mrs. Roberts?

A. No, sir. The money was for Mrs. Roberts' release of dower; I think Mr. Webb devoted that sum of money to pay Mrs. Roberts for her release of dower, and save the rights of the company in the property.

Q. So you advanced it?

A. Yes, sir.

Q. Under whose direction, or by whose order, did you pay that \$16,000?

A. I think that was paid by the order of Mr. Wooldredge, the president of the road.

Q. Is there any vote of the directors to purchase that property?

A. There is no vote of the directors of the Eastern road. I do not know about the Portland, Saco & Portsmouth road.

Q. Mr. Wooldredge was president of the Portland, Saco & Portsmouth Company?

A. Yes, sir.

Q. And your directors of the Eastern road never passed it?

A. No, sir.

Q. You understood, didn't you, that the deed was to go to the Eastern road,—to the Eastern road, through the Portland, Saco & Portsmouth road?

A. Yes, sir.

Q. They paid the money?

A. Yes, sir.

Q. Well, then, these two sums were paid, you never took any deed, and these two are the only papers you have in your custody, as treasurer of the Eastern Railroad, relating to this property?

A. Yes, sir.

Q. I see in the railroad commissioners' report of January, 1876, this expression, or sentence: “A wharf, for instance, at Mt. Desert, 150 miles from any connection with the Eastern road, was purchased at an inordinate price, in order to get possession of the only available steamboat landing at that point, and thus control the Mt. Desert travel.” Can you tell me where the commissioners got their information, from which they made this statement?

A. I cannot.

Q. They didn't get it from you?

A. I won't speak positively; but it is my impression that the question was never asked me.

Q. I won't pursue this matter any further, because there will be other witnesses, I suppose, who know more about it. There is something about this large steamboat wharf that Mr. Parker would like to explain to the Committee. You can go on, Mr. Parker, and give it.

A. The Portland, Saco & Portsmouth Railroad Company held \$20,000 worth of stock; that is, the Eastern road, through the Portland, Saco & Portsmouth road, held \$20,000 worth of stock in the Portland, Bangor & Machias Steamboat Company. That company wanted a wharf at Mount Desert, and this was the only available place, and that property was bought to secure a landing for the boats.

Q. Before leaving, finally, the matter of the Portsmouth, Great Falls & Conway bonds, I want to ask one or two questions more. I see that the president of the Eastern Railroad Company, in his report, made up to November 30, 1875 (page 27), says: "The whole cost of the road, from Union Village to North Conway, was \$1,250,600.99; the cost of that part between West Ossipee and North Conway was \$483,400.99, and the money for this extension was furnished by the corporation; and, also, about \$222,000 more expended in widening and finishing the entire road from Brock's Crossing to Union Village. The final cost of the entire road, from Brock's Crossing and North Conway, was about \$2,105,689.59. By the year 1874, the Portsmouth, Great Falls & Conway road had taken of this company, the first and second mortgages upon the Great Falls & Conway road, with the bonds and stock at what they had cost us, and for these amounts, and the amounts advanced for widening and improving the road and for building the extension to North Conway, it paid us about \$174,000 on its stock at par, then selling at par or more, and \$1,000,000 in its bonds, payable December 1, 1892. These bonds were payable to the Eastern Railroad Company without words of negotiability, were guaranteed by this company, and the payment of the interest upon them was guaranteed by the Eastern Railroad of New Hampshire. The Conway bonds were sold in the market for 80 cents on a dollar; and many were bought at that rate, in the open market, by some of our own stockholders; in some instances they were given at the rate of 80 cents on the dollar, in exchange for our own bonds, due in 1874 at par value,—the road thereby sustaining the loss of the 20 per cent. thus discounted. Five hundred and fourteen thousand dollars of these bonds have been sold and exchanged, and there now remains, in the hands of the treasurer, \$486,000 of the bonds, and 5,510 shares, or \$551,000, of the stock of the Portsmouth, Great Falls & Conway Railroad Company. The net value of this stock will be measured by the future business of this road; its market value, instead of 107, at which it first sold freely, is now about two and a half dollars a share." Now where did the president of the Eastern road get that information?

A. I think, principally, from the reports, and from questions asked me.

Q. Were not all the facts, from which this is stated, then in your possession?

A. Yes, sir.

Q. Well, then, there was no difficulty in furnishing him with the facts. I will ask you whether these facts are true?

A. I think they are, sir, generally.

Q. These bonds were payable to the Eastern Railroad Company, guaranteed by the Eastern road, and the payment of interest guaranteed by the Eastern Railroad Company in New Hampshire. That is so, is it?

That is, a million of bonds were payable to the Eastern Railroad Company, guaranteed, etc. ?

A. I think that is so.

Q. The Conway bonds were sold in the market at 80 cents, etc. That information was obtained from you ?

A. Yes, sir.

Q. Now, at the time Mr. Wooldredge was president of the road, was he, sir—in 1872 ?

A. In 1872 ; yes, sir.

Q. And you were the treasurer of the Portsmouth, Great Falls & Conway road ?

A. Yes, sir.

Q. Therefore, the bonds that were signed by the president, were signed by you and him ?

A. Yes, sir.

Q. And they were guaranteed by the Eastern Railroad ?

A. Yes, sir.

Q. And the guarantee was printed on the back of the bond. Let me see if I can recall your recollection. Take for instance the bond. That is a genuine bond, is it not ?

A. Yes, sir ; that is one of the bonds.

Q. That is one of the bonds you referred to, in your conversation yesterday ?

A. Yes, sir.

Q. This bond is made by the Portsmouth, Great Falls & Conway Company, and is dated the second day of December, 1872, signed by Mr. Wooldredge as president, and by you as treasurer. On the back of this bond there is : " For value received, the Eastern Railroad Company hereby guarantees the payment of this bond and the coupons attached thereto, as they severally mature. (Signed) John B. Parker, treasurer ; Wooldredge and Haven, directors." That is so, is it not ?

A. Yes, sir.

Q. Thereby the Eastern Railroad Company guaranteed not only the interest on the bonds, but the principal ?

A. Yes, sir.

Q. And it is dated December 2, 1872 ?

A. Yes, sir.

Q. Now, when did you first part with any of these bonds ?

A. I think about February, 1873.

Q. What time in February ?

A. About the first of February ; that is my impression.

Q. Whom did you deliver the first to ?

A. They were delivered, I think, to John Henry Alley.

Q. What for ?

A. For payment for Lynn depot land.

Q. How many ?

A. One hundred and fifty-five thousand dollars.

Q. At par ?

A. Yes, sir.

Q. They were the first you delivered?

A. Yes, sir.

Q. When was the next you delivered?

A. The next, I think, were delivered to Brewster, of Brewster, Sweet & Co., in March; I haven't the day of the month, but it was in March, 1873.

Q. What time?

A. I should say about the middle of March, but I haven't the date here. I delivered him, then, three bonds for sale.

Q. Is that all?

A. All that he had at that time.

Q. Did he sell them?

A. Yes, sir.

Q. At what price?

A. At par.

Q. Did they net you par, and so much after commission?

A. They netted us par.

Q. When did you sell any more?

A. In April; we sold \$26,000. We sold them at par in April following.

Q. Who to?

A. To the same parties. Brewster, Sweet & Co., were allowed to sell them as best they could.

Q. With the limitation that you were to have par, or get par?

A. I think so.

Q. When were the next sales?

A. The next was in May, five bonds; in June, two; in July, two bonds; and in August, three bonds. The Somersworth Savings Bank had \$30,000 worth at par, and the Milford Savings Bank, in August, had \$5,000.

Q. Did you sell them to them?

A. We sold them.

Q. Who sold them for you?

A. I sold those to the Somersworth Savings Bank, but those to the Milford Savings Bank, I think, were sold by Brewster, Sweet & Co.

Q. All these at par?

A. Yes, sir; in September, two bonds more were sold at par, and we ended the sale for the year. No more were sold till June 10, 1874.

Q. Meanwhile, had you delivered any of these bonds to any of the directors?

A. None.

Q. You made all the bonds ever made for the corporation?

A. Yes, sir.

Q. Now, what in 1874?

A. In 1874, June 10, Brewster, Swett & Co. sold two bonds at \$1,786 87; that amount was, undoubtedly, in consequence of the interest-coupons having come off, so that they were sold at about 80; but no others were sold.

Q. Well, did you know of any of these bonds having been sold in the market at 80?

A. No, sir.

Q. Didn't you know that they were selling for more?

A. I didn't think the company could get an offer for anything more than that price; it was at the time of the panic in the money market, and money was very scarce.

Q. Didn't you go into the market with the bonds?

A. No, sir.

Q. Let me see how this comes in; I see this sentence here in the commissioners' report; I do not know where they got it: "The treasurer, meanwhile, abandoning the account-department to the auditor, devoted his time almost exclusively to the work of borrowing money to pay notes, or effecting their renewal when they became due. Nor does he seem to have lacked occupation." Now, at the top of the page, the commissioners say: "When the reorganization of 1872 was effected, the immediate charge of the books of the corporation had been practically taken from the treasurer, Mr. John B. Parker, and intrusted to an auditor." Now, the fact is, these books and papers were taken from you, and you lost control over them?

A. Yes, sir; I lost control of them, as they were taken from me.

Q. Who took them from you?

A. They were taken away by vote of the board.

Q. Now, the only sentence in the commissioners' report I can call your attention to, is the one where they say you devoted your time to raising money, and you didn't lack occupation. Now, they knew you were in the market after money?

A. Yes, sir.

Q. Then, you did know what these notes were selling for; what were they selling for at that time,—your Eastern Railroad bonds?

A. At about 90 to 93.

Q. Were not they selling for more?

A. I think not, sir.

Q. Didn't they sell, as late as October 27, 1874, as high as 94?

A. I do not know, sir; in January, 1874, they sold at about 93.

Q. Now, do you know what the Portsmouth, Great Falls & Conway bonds were selling for at that time, with accrued interest? Look at that memorandum that has the interest on it; now, those bonds were selling for 94, weren't they? that is, October 27, 1874, sale by Hawes & Henshaw. Now, Mr. Parker, I want you to tell us this; there is one of your Eastern Railroad bonds, and you own them both—the Eastern Railroad Company?

A. Yes, sir.

Q. Now, let me understand you; when you settled up, you took certain shares in the Portsmouth, Great Falls and Conway road, and also certain bonds; then both these shares and bonds were the property of the Eastern Railroad?

A. Precisely.

Q. And the Eastern Railroad Company wanted to borrow money to go on, and you were sent out to get money. Now, then, if you negotiated

that bond, and the Portsmouth, Great Falls & Conway Company hadn't the money to pay it, the Eastern Railroad had got to pay it?

A. Yes, sir; they had got to pay it, when it fell due.

Q. Now, if you wanted to raise \$100,000, or \$200,000, and had these bonds on your hands, why should you sell this Eastern Railroad bond for 94, and part with that Conway bond for 80; won't you tell me?

A. We hadn't those bonds to sell.

Q. Were not you selling a large amount of Eastern stock, in the winter of 1873, of the new issue?

A. I think we were.

Q. What is the reason you hadn't those to sell?

A. They were exhausted.

Q. All exhausted?

A. Yes, sir.

Q. Mr. Parker, don't you remember it distinctly, that at that time the Eastern Railroad Company could raise money on their notes—six or ten months' notes—at 7 and 7½ per cent.? Won't you recall your recollection about that?

A. The notes were not made for six months.

Q. Well, for three months?

A. Yes, sir Brewster & Sweet had some of our notes; they negotiated some coupon-notes, payable in ten years.

Q. Didn't they negotiate any other notes for you?

A. I don't think they ever negotiated a dollar; we have borrowed money of them, and gave our notes to them.

Q. O, you gave your note to them, and they loaned you money?

A. Yes, sir; the note was drawn payable to the treasurer's order.

Q. Have you not given notes payable to my order, where the money was loaned you and given to me?

A. I may have

Q. No note was ever made and left with any broker?

A. No, sir; unless drawn by the order of the treasurer, and indorsed by him. I think, perhaps, we may have your note, or rather a note with your indorsement on it.

Q. Now, isn't it a fact that, at that time, you found no difficulty whatever in borrowing money in the market, in reasonable sums, as you wanted it, on your notes at 7½ or 7 per cent.?

A. I did find some difficulty.

Q. Of course. Now, when did you first put any of these bonds in Mr. Hooper's hands?

A. These Conway bonds?

Q. Yes, sir.

A. My impression is, in December, 1873.

Q. Well, don't you know exactly, because it may be material?

A. Not positively; my impression is, they were left in the Merchants' Bank for the security of the Life Office, at par, in December, 1873.

Q. You spoke of Mr. Hooper's taking \$100,000 worth; when was that?

A. I think it was in August, 1874; he had a large amount of our

bonds in 1874, and changed a portion of them, and subscribed to, and bought, \$100,000 worth.

Q. When you let him have \$100,000 worth of bonds, what did he let you have?

A. Money.

Q. You also, yesterday, named certain others of the directors who had the bonds,—Mr. Lothrop, \$6,000; Mr. Wooldredge, \$25,000?

A. Yes, sir; at the same time they were selling in open market, and various people bought at 80; Mr. John B. Brown, of Portland, took \$25,000 worth at 80, and various other parties took them at the same price?

Q. By whose direction did you sell them?

A. By the direction of the finance committee.

Q. And who were the finance committee?

A. Mr. Hooper, Mr. Wooldredge and Mr. Haven.

Q. Was there any vote of the finance committee authorizing the sale of them?

A. I think not.

Q. No vote?

A. No, sir; I won't be sure about that.

Q. Was there any vote of the directors?

A. I think there is a vote of the directors, authorizing the sale.

Q. At 80?

A. I won't be positive; I will look and see.

Q. Well, now, when you put these bonds into the hands of Mr. Hooper for 80, do you mean that you could not raise money at less than that discount?

A. Yes, sir.

Q. What were your own bonds selling for?

A. From 88 to 90.

Q. Why is it, when you have got my note for \$10,000, and you can make your own note for \$10,000, which you would only have to pay, how is it that you sell mine for 80; in other words, when you can borrow money for 10 per cent., how is it you pay 20?

A. We had a large amount of these bonds to negotiate; they were a foreign bond, and hadn't a market value in this State; I think these had been advertised, and my impression is no offer was made acceptable to the company.

Q. Let me recall your recollection a little. Your president says that when these bonds were negotiated, the stock of this road was worth 107, or more than par—the stock of the Portsmouth, Great Falls & Conway road—

A. No, sir; I beg your pardon.

Q. Was it worth par?

A. No, sir; it was not.

Q. This is what the president says: "The real value of this stock will be measured by the future business of the road; its market value, instead of 107, at which it at first freely sold, is now about two and a half dollars a share." Is he mistaken about that?

A. No, sir; that is, in other words, prior to the issue of these bonds, we were furnished money for the completion of the Portsmouth, Great Falls & Conway road, because its stock could not be sold at par in the market; as that company were forbidden to sell their stock at less than par, the Eastern road agreed to finish their road, and take these bonds and stock, at par, in payment.

Q. What was the stock worth when you took it?

A. My impression is, that it was worth from 60 to 70; it may have been more than that.

Q. You say, now, that these bonds are worth par?

A. I have no question but what, in two or three years, the resources of that road will develop to an extent to more than pay the interest on the bonds. If the accounts of the road were made up, as they are made up with connecting roads, I have no question the interest would have been earned the last year.

Q. Why, since these were your own property, and since your own bonds were negotiating for, and you could raise money at a very much less rate, why didn't you raise money on these notes meanwhile, instead of selling these bonds for 80?

A. I never sold these bonds for 80.

Q. Never? Nor has the company?

A. Not recently.

Q. When did you?

A. Twenty years ago.

Q. Have they not sold lower than that within three months?

A. I thing not; I think the lowest our bonds have been, is, perhaps, 85 or 90.

Q. Now, won't you tell us, if you could raise money on these bonds at 85 or 90, why you should dispose of these Conway bonds, which were perfectly good, at a less rate?

A. We hadn't a right to make any more bonds; our right had expired?

Mr. SHATTUCK. He is stating that the time was up in which the Eastern road could issue any bonds.

Q. Couldn't you borrow on notes?

A. You mean for three months?

Q. I mean from day to day?

A. It was very difficult to get money in that way.

Q. I see a distinction is made between a bond and a promissory note. How is that? You would make as many notes as you wanted to?

A. I think there is no limit.

Q. None, except the action of the board?

A. No, sir.

Q. And there don't seem to be any restriction by the board.

A. The law limited the amount of bonds, as bonds; but of notes there was no limit.

Q. Why didn't you, if you could make notes for three months and four months, why didn't you do it, instead of sacrificing these bonds at 20 per cent. discount to the directors?

A. We sold them in an open market, and the directors slipped in and bought them.

Q. I thought you said you received money from the directors for them. Did you deliver these bonds yourself to Mr. Hooper, or did he buy them in the market?

A. I delivered them myself.

Q. There was nobody to make the bargain but you?

A. The bargain was made by the finance committee.

Q. Then the open market was that the finance committee were the sellers, and Mr. Hooper, as one of the finance committee, was the buyer.

A. The bonds were offered in open market, and Mr. Hooper, to save making a commission, came to the office and took them himself. If these had been sold in the open market, and delivered there at 80, the company would have had to pay a commission, which would have reduced the price they received to about 79½.

Q. Who sold them in open market?

A. Brewster, Sweet & Co.

Q. How many did they sell?

A. About \$30,000 worth.

Q. What was the reason of it? Why didn't you raise the money on your own notes?

A. The company had these securities, and it was thought better to sell them than to run up a debt to pay the interest on. The interest on these bonds was fixed, and it was easier to pay these coupons than it was to meet notes of the Eastern Company, which were on short time; because these bonds did not fall due for twenty years. It was in the middle of the panic, and it was easier to pay \$30 than to pay \$30,000.

Q. That is true, I guess; there is no doubt about it.

A. That is why the bonds were sold, in preference to putting out notes of three or six months. All you have got to do with these bonds is to pay \$30 twice a year, and it makes quite a difference whether you have to pay that or \$30,000.

Q. Was there any difference if you sold your own bonds?

A. The difficulty was, we had issued all the bonds we could.

Q. You had issued all you could; you could issue no more than your capital stock, and you had already done that?

A. Yes, sir.

Q. You had given notes, as distinguishable from bonds. Whether any difficulty was suggested to your issuing notes or bonds; if you hadn't the power, was there any difficulty in obtaining it?

A. The reason was, that it was not desirable to roll up the debt of the company, when we had these securities to sell.

Q. (By the CHAIRMAN.) Do you mean to say, that Mr. Hooper took these bonds at a price established in the market?

A. Yes, sir.

Q. (By Mr. SHATTUCK.) He took them reluctantly, because the road wanted money?

A. Yes, sir.

Q. (By Mr. OSGOOD.) You say you could not get authority to issue bonds: do you mean from the legislature, or from the board of directors?

A. From the legislature; the limit was full—that is to say, the capital stock and bonds were about equal.

Q. Do you know to whom Mr. Brewster sold the bonds?

A. No, sir.

Q. Who is Mr. Brown?

A. Mr. John B. Brown, of Portland.

Q. There was no sale to him only what you made?

A. No, sir; not that I know of.

Q. Was he a director of the Eastern road?

A. No, sir; I think he was a director in the Maine Central road. He had no connection with the Eastern, that I know of.

Q. How about the bank sales?

A. The Somersworth Bank I sold in the same way at 80, and I think Mr. Brewster sold the Milford Savings Bank at 80. I won't be quite positive whether Brewster, Sweet & Co. sold them, or Bassett & Co.; it was sold by one of the two firms.

Q. Was there any report made to you as treasurer, or to the company, that these bonds had been sold at 80?

A. Certainly.

Q. When? Does it appear at all, until this report (Lawrence's) comes, that any of these bonds had been sold at 80?

A. I do not understand your question.

Q. My question was, whether it appears in any report to the stockholders that these bonds had been sold at 80?

A. No, sir.

Q. I understand you that the report to the directors—the treasurer's report to the directors—contains the transactions?

A. I think they are not named in any report to the stockholders.

Q. Well, do you ever figure to see, as you are paying 7 per cent. on these bonds at par, and you are selling them for 80, if you were not paying a rather high rate of interest?

A. Yes, sir.

Q. What amount have you paid on this Portsmouth, Great Falls & Conway road, since the selling of these bonds at 80?

A. My impression is about \$12,000; between \$12,000 and \$18,000.

Q. Is it completed?

A. It is completed; there may be \$1,200 or \$1,300 yet to be paid for land-damages. This expenditure was made to make a connection between the Portsmouth, Great Falls & Conway road and the Ogdensburg, which was done when this report was completed.

Q. You have paid nothing since this report was made?

A. I think there has nothing been paid; except these \$1,200 or \$1,300 land-damages, I do not know of anything to be paid.

Q. Was there anything in particular that led to the depreciation in the price of these bonds?

A. The Portsmouth, Great Falls & Conway bonds?

Q. Yes, sir. Won't you look at that paper there, and tell us if they

sold at that price in 1873,—this occurred in February, 1873. Here is a bill of the stock sold February 11, 1873: \$500,108,—interest added, making \$5,074,—sold by Henshaw Brothers. Now, won't you tell us what there was that occurred, in relation to these bonds, that caused them to depreciate so?

A. The general panic, from June, 1873, until the present time.

Q. The general panic?

A. The general panic, which began about June, 1873; it has not ended at the present time. Every security has been much affected. That is the only reason I know of for the depreciation of these bonds, except the general falling off of the business of the Eastern Railroad during the past year.

Q. I see an item on this general balance-sheet, if you will please turn to it,—the president's report,—I have marked it item 21; it is about lands in Malden. When did you buy them? They are set down at \$2,301.44?

A. These came to us, my impression is, in 1873.

Q. Are they depot-lands?

A. No, sir; it was land reconveyed to us by one of the dishonest servants of the road.

Q. By one of the dishonest servants of the company. Pray, who could that be?

A. He was a former conductor.

Q. Lands in Lynn, I have marked item No. 20. What is it about them?

A. That is the present valuation of the lands, which the company estimate can be sold along, from time to time, without materially affecting the interest of the road.

Q. When did you buy these lands?

A. In 1871, I think. Perhaps the report will tell you. You can find it on page 34. In November, 1871, the company bought of the heirs of John Alley, 3d, a piece of land on the south side of the track, near Market Street, Lynn, for \$216,000, valued by the assessors, and taxed in 1870 for \$4,500, and since taxed for \$20,000. That is a part of the same transaction.

Q. Were you familiar with the transaction at the time of it; that is, all of it?

A. Nothing more than simply I knew the arrangement going on, and to make the payments for it.

Q. Who, in point of fact, made the purchase; that is to say, through whose agency was it done?

A. I think all the directors knew of it.

Q. Who was the man who knew of it most?

A. I think the president and Mr. Hooper concluded the contract.

Q. Did Mr. Hooper have a summer residence near there?

A. No, sir.

Q. Well, I see here it says it was bought for \$216,000; who was president at that time?

A. Mr. Browne.

Q. Well, they bought a tract of land, value by the assessors and

taxed for \$4,500, in 1870, and since taxed for \$20,000; why was that? Was Mr. Williams one of the directors then?

A. He was a director at that time.

Q. Did he have anything to do with it?

A. I don't think he ever had.

Q. Is there anything in the votes of your directors about it?

A. [Reading from the records of the directors' meetings.] The arrangement began October 11, 1871. At that meeting of the directors, all were present.

Q. Who were they?

A. George M. Browne, Samuel Hooper, Franklin Haven, Ichabod Goodwin, H. L. Williams, B. E. Bates and T. K. Lothrop.

Q. What was done about it by these directors?

A. The first vote that I notice was October 2, 1871, when it was voted that the proposition of Mr. Alley and others, in relation to land for depot purposes in Lynn, be referred to a committee, consisting of the president, Mr. Franklin Haven and Mr. Samuel Hooper, with full powers to accept said proposition, with such modifications as said committee will approve.

Q. Who were present at the meeting?

A. All the directors were present, except Mr. Lothrop.

Q. Who proposed the vote?

A. That was offered by Gov. Goodwin.

Q. Who seconded it?

A. Mr. Williams.

Q. Was Mr. Williams related to the Alley heirs, and how?

A. I do not think there is any relationship existing; I could not answer on that point; I never heard of any relation.

Q. Never did; well, is that all the vote about it? Meanwhile, any proposition as to the price before the board; any proposition made by the heirs?

A. That was referred to the committee, and the committee reported to the board, October 11, 1871, through Mr. Hooper, that they had purchased the Hilton estate for \$163,195, and had arranged with the John Alley heirs for 142,000 square feet of land on the southerly side of the road for \$200,000, and with Mr. John H. Alley, for depot purposes,—as set forth in the following agreement, which I will not read,—in which they agreed to give a strip of land on State Street. That is mentioned for \$12,000 in 1870.

Q. Now, did you know anything yourself about the value of the land?

A. I did not know.

Q. Do you know the authority for the president's statement, when he says it was valued at \$4,500 in 1870?

A. I think it is taken from the assessors' records.

Q. Do you know any reason why this large price was paid—\$216,000?

A. I think the land would have commanded that full price.

Q. And yet they taxed it for only \$4,500?

A. I think so, from the best information I have had.

Q. On inquiry since?

A. Yes, sir.

Q. Only taxed at \$4,500 in 1870, and since taxed at \$20,000, and worth \$200,000? What did you do with the land?

A. We used the land for freight purposes; we are using it to-day for freight purposes.

Q. Freight purposes at Lynn? Got any depot on it?

A. No, sir; there is no depot on it. It is used only for particular kinds of freight.

Q. Only for heavy freight, I suppose. Did you construct a station there subsequent to this?

A. The parties we bought of constructed the station. Mr. Alley built a station in accordance with his contract, at a cost of about \$50,000.

Q. And meanwhile the passenger-station had been rebuilt at a cost of about \$130,000; that is true, is it not?

A. Yes, sir.

Q. Mr. Alley constructed the station, and you paid him.

A. In the final settlement.

Q. How much?

A. One hundred and fifty-five thousand dollars of bonds,—the Conway bonds, as I stated.

Q. Whether you paid \$216,000, thereabouts, for the land, and \$55,000 for the structure?

A. Yes, sir.

Q. That is so, is it?

A. Yes, sir.

Q. Then you rebuilt the passenger station,—the Central station, I call it?

A. Yes, sir.

Q. Well, what contract is this: "In order to avoid the supposed inconvenience of stopping the trains at the two stations, now so near together, as it had been contracted to do, the company desired to annul the contract, and at a cost of \$155,000, paid for the land and building, including costs of suit"?

A. That was the contract with the Alley heirs—that a certain number of trains should stop there. It was found that, if we stopped one, we should be obliged to stop all, and to avoid stopping all our trains at two points, not over 500 feet apart, it was decided to pay that sum, and use the land for other purposes.

Q. Then it stands like this: in November, 1871, this purchase was made at a cost of \$216,000; you afterwards caused to be constructed a station at a cost of \$55,000, in addition to the \$216,000; then you rebuilt the passenger-station at the old point at a cost of \$130,000; and then you contracted with the Alley heirs to stop your trains there, for how many years?

A. I don't know.

Q. And then you paid them \$100,000 to let you off?

A. Yes, sir.

Q. Then the report says: "unfortunately by order of the president." Who was the president?

A. Mr. Lothrop.

Q. Unfortunately, "by order of the president, the station building, valued at \$55,000 was thereupon demolished, and the *debris* sold for \$15,000, leaving the company, at a cost of \$155,000, simply the ownership of the land, which had been originally given to it." Why was this station destroyed?

A. In the first place, it stood upon land belonging to the city, and the company could not get any release of the portion on which the depot stood. In the second place, the stopping of the trains necessitated the raising of the track for, perhaps, 1,000 feet each way, and raising the grades of streets in Lynn. I understood at the time that the authorities of Lynn were unwilling to have the streets raised, and we could not cross at grade. The result was, every passenger was liable to broken limbs, the platform was so constructed and the steps of the car so arranged.

Q. Why didn't you arrange them differently?

A. We had no voice in the arrangement.

Q. Who did?

A. I think that was done by the persons of whom we bought the land?

Q. Did you, in point of fact, know anything about it at the time, except what you have heard or been told?

A. I knew little about it at the time.

Q. The fact is, you knew you had sunk over \$300,000 and got nothing. The president says: "The company expended in Lynn, for station purposes, about \$500,000, sinking thereby over \$300,000, and arousing a feeling of discontent and opposition, which has culminated in the opening of a competing road to Lynn, the success of which, however, is some what problematical."

A. I think we spent half a million dollars in Lynn.

Q. Then please look at the report, and tell me whether your books show that, and tell me also by whose order you did it. "The company expended in Lynn about \$500,000, sinking thereby over \$300,000." Do your books show that?

A. I think the books show an expenditure of about \$500,000, in the city of Lynn.

Q. Where did Mr. Lawrence get the items for his report, if not from you?

A. He got it from the reports, and from me.

Q. The facts may be taken as undeniable, I suppose?

A. I notice one or two errors in dates, which I didn't see until the report was printed.

Q. You have expended (item 19) for lands in Charlestown (mill-pond), \$1,157,666.98; when did that begin?

A. That began in 1872.

Q. (By Mr. SHATTUCK.) Does that include the mill and the others?

A. That includes the whole.

Q. Who was the president then?

A. Mr. Wooldredge was the president then.

Q. And Mr. Hooper was one of the directors?

A. Yes, sir.

Q. Now, how did it begin—the first thing done about this land?

A. The first thing done was to secure a bond for a deed, and look up the titles, and this was mainly done by Mr. Frederick Brown.

Q. He was a director?

A. Oh, no; in no wise connected with the road; he was employed as the most reliable man for the purpose.

Q. When was the vote to purchase the land passed by the directors?

A. I see the report of the president says April 25, 1872. The president reported that the title to the Charlestown mill-pond had been examined, and the deed of conveyance would pass to this company May 2, 1872.

Q. Nothing prior to that, authorizing the company to buy it,—that would imply it had been already bought, and the deed was to be given at a certain time?

A. On March 19, Mr. Stevens, for the committee on mill-pond and flats, reported that, in the judgment of the committee, it is expedient that the same be purchased by this road, on the terms within named in the proposals submitted. The report was accepted, and, on motion of Mr. Goodwin, it was—*Voted*, That the subject of the mill-pond and flats be referred back to the committee, with full powers to purchase said mill-pond and flats, on such terms as they deem expedient.

Q. Where is the proposal fixing the terms?

A. At the meeting of March 11, the president submitted a plan of the mill-pond and flats, and read a letter from Mr. Hooper in relation to the same, and, on motion of Mr. Haven, the subject was laid on the table until a future meeting.

Q. Where is the proposal—the proposal of the owners that they would sell, or the report of Mr. Brown that he had ascertained at what it could be bought?

A. I do not think I have the report.

Q. Isn't it on file?

A. I presume so, sir.

Q. Do you remember how many owners there were?

A. I do not; my impression was that there were some sixteen or seventeen owners.

Q. Mr. Brown was sent around by the directors to ascertain the price at which it could be bought?

A. I think so.

Q. That was kept a secret, wasn't it?

A. O, no, sir; 'twas known from Maine to Georgia; it was certainly known in Maine.

Q. Were you not imprudent to let that be known, when you were going to buy the whole of that property. You said that you took extraordinary care about the Maine Central road; and this was all for the benefit of the Eastern road, the same as the stock was bought to control the Maine Central road, and that was a secret?

A. There was no secret about this.

Q. It was one of those things you couldn't keep secret; did you try?

A. I did not see any object in trying.

Q. Why not; if you had bought fifteen of the estates, wouldn't it be better that the sixteenth man should not know what you were doing?

Do you know anything more about it?

A. That is all I know about it.

Q. You have not got the report, have you?

A. I have not.

Q. When was the deed?

A. There were sixteen deeds; I think in May of the same year.

Q. The title was fully investigated, and found to be right?

A. Yes, sir.

Q. You took your deeds, and paid your money?

A. Yes, sir.

Q. How did you pay for it?

A. We paid partly in notes, and partly in money.

Q. Do the books show how much in money?

A. Yes, sir.

Q. Do you mean in bonds or notes?

A. Notes.

Q. How long do they run?

A. I think, in some instances, notes to run ten years.

Q. Without any security?

A. Yes, sir; they were bought subject to a mortgage.

Q. The mortgage remains?

A. Not on the whole; on the mill-pond and flats, about \$725,000.

Q. Then you paid money for part of the difference. How much are your notes out for now?

A. I do not think there are any notes out; perhaps there may be two notes of \$5,500 each; perhaps, in all, about \$13,000 of notes out, that mature in ten years.

Q. Of the company's notes?

A. Yes, sir.

Q. How much did you give the company's notes for, in payment for this land?

A. Perhaps \$25,000.

Q. Not more?

A. I think not.

Q. Then the mortgage was \$720,000, and the difference you paid in money?

A. Yes, sir.

Q. Part of these notes have been paid.

A. All, except about \$13,000.

Q. What have you done with this land?

A. We are using it for freight purposes; have put a bridge across it, and in proper time we shall need it for the road.

Q. Well, I pass to this item of equipment, the aggregate of which is \$2,358,567.05; does that mean the cost of the locomotives, ploughs, etc.?

A. That is the cost.

Q. The precise value now?

- A. No, sir; that is the cost at the present time.
- Q. That is what you have laid out for that particular department; whether they would have that value now, you don't know?
- A. That is what they cost, yes.
- Q. Perhaps with interest added, is it not?
- A. No, sir; no interest added.
- Q. They embrace the items on page 56, I suppose,—the general balance-sheet, seven items,—locomotives, snow-ploughs, passenger cars, baggage cars, express cars, mail cars, freight and other cars, and their cost, \$2,358,567.05. How long have you had them; purchased at different times, I presume?
- A. Some of them have been in use perhaps twenty years.
- Q. Hardly to be supposed, then, that that would really be the value to-day?
- A. No, sir; I think to-day they would not bring that.
- Q. Perhaps you don't know, or are not able to state, what is their value?
- A. I am not, sir.
- Q. (By the CHAIRMAN.) Is that Mr. Lawrence's report?
- A. Yes.
- Q. (By Mr. THOMAS.) You could not state how much they would be worth?
- A. No, sir; I could not. Many of them were bought in the war, when prices were very high.
- Q. Very high, and they are put down at this price, rather than a fair market value?
- A. I think they would not sell at that price to-day.
- Q. The next item above that; I come to item No. 10. I wish to inquire about that: "Charlestown improvements, \$38,889.94." What does that item mean?
- A. That item means the freight-house that is in process of construction, and the tracks which are in it; it is not finished. When that is finished, it will be classed in the passenger and freight stations; simply a transfer made from one account to another.
- Q. That item, perhaps, means what has been expended?
- A. What has been expended.
- Q. On said improvements?
- A. Yes.
- Q. And all this expense appears on your books?
- A. Precisely.
- Q. The next item which I have, as I go back, is "Charlestown lands, Austin Street estate, \$340,048.44." What is the story about that?
- A. That is the amount expended on the Charlestown property, east of the prison, and east of Austin Street, as disconnected with the mill-pond. That is the property the company have taken.
- Q. And was that all taken,—the property taken,—or was a part of it purchased?
- A. That was all done under the law.

Q. Yes; the damages were adjusted, when you could have them adjusted?

A. Yes.

Q. When was that vote taken?

A. I think in the same year—in 1872.

Q. Eighteen hundred and seventy-two?

A. Eighteen hundred and seventy-three, I should say.

Q. Was there any vote of the directors?

A. I think there is; yes. I think there is a vote of the directors authorizing it.

Q. Well, who had the management of that?

A. That was before the finance committee, and I think the whole board of directors considered the matter.

Q. Yes; but the trades and allotments—who were they made by?

A. They were made by Mr. Robinson.

Q. Yes, Charles Robinson, Jr.; but were they not made, in point of fact, by Mr. Lothrop?

A. No, sir.

Q. Mr. Lothrop or Mr. Hooper?

A. No, sir; Mr. Lothrop and Mr. Hooper approved the payment of the price that Mr. Robinson was able to obtain. The estates were doomed in the first place.

Q. Of course I should not ask you, if you don't know, what occurred between Mr. Robinson and Mr. Lothrop?

A. No, sir.

Q. You can't speak of that?

A. No, sir.

Q. None of these lands were bought?

A. The only one bought, that I now remember of, is the sugar refinery, and I am not sure whether that was bought or taken. It was the key to the whole premises.

Q. Who bought it?

A. It was bought by Mr. Hooper and Mr. Lothrop.

Q. Hooper and Lothrop?

A. I think so.

Q. Whom did they buy it of?

A. The sugar-refinery company.

Q. What is the title of the corporation—the company?

A. The Union, I think; the Union Sugar Refinery.

Q. Know who composed that company?

A. I do not.

Q. Well, was there any vote of the finance committee,—there are no votes of the finance committee, and I won't ask you again; never had any votes,—any vote of the directors, authorizing Mr. Hooper to purchase it?

A. Yes, I think there is a vote of the directors authorizing that whole purchase.

Q. Turn to that, and let us see. I want to inquire now about that sugar-refinery estate; it is all I care to stop on.

A. The vote is this: "The committee on finance, to which was referred the subject-matter of terminal facilities, reported to the board their conferences with the land-owners of Charlestown, and on account of the great expenditures of money it would require, thought it might be expedient to have the views of the whole meeting on the subject." Then follows the report of the president in behalf of the committee, and after deliberation—

Q. What does he say?

A. "The president reported favorably, in behalf of the committee, the cost of the undertaking,—the large amount of money it would require to carry out the plan as needed for railroad purposes,—and after full deliberation, it was unanimously voted, that in the opinion of this board, it is expedient to purchase or take, as authorized by law, lands in Charlestown for freight purposes, between Austin Street and — Street, or so much of this property as may be necessary for that purpose, in accordance with the provisions of the Act of 1873; and the directors recommend that the finance committee proceed at once to commence to carry out this plan, on the best terms they can obtain."

Q. That relates to the whole purchase, I see; now, what I want to know, is about the purchase—the private purchase, as distinct from the taking—of the factory lands, the sugar-refinery lands; that is what I ask about?

A. That came under the same vote, referring it to the committee.

Q. Then, there was no other vote than that?

A. No special vote, other than that?

Q. That was bought, and all the rest was taken?

A. No, sir; my impression is that we bought three or four, perhaps half a dozen, different estates.

Q. Other than this?

A. Other than this, on terms that were more satisfactory.

Q. Who bought them?

A. They were bought by Mr. Robinson. All carried on by Mr. Robinson.

Q. Mr. Robinson didn't carry on this sugar-refinery?

A. I think not.

Q. You know he didn't?

A. I don't know.

Q. What I want to know was whether there was any vote about this sugar-refinery?

A. No special vote, I think, about that refinery. I think it came under this.

Q. Now, how did you pay for that?

A. We paid mostly in money. In some instances, we paid in notes. The sugar refinery was paid for in notes of the company, running ten years, and in notes of the company running twelve months.

Q. The twelve month notes were paid; I suppose the others have not been. Was there any mortgage given back?

A. No mortgage given back.

Q. How much was the whole amount of the transaction? It is sug-

gested to me that there was a committee appointed, of three, and the whole matter was referred to the special committee, and the committee reported on the whole thing?

A. I stated that in the beginning You are asking now about the special piece of property.

Q. Yes, I am asking about the sugar refinery; I understand that embraced the whole, sugar refinery and all?

A. Yes.

Q. (By Mr. SHATTUCK.) He has named a committee; what were the names of the committee?

A. I think it was Mr. Lothrop, Mr. Haven and Mr. Hooper. In this particular instance, the whole board was added to the committee.

Q. (By Mr. THOMAS.) It is said the committee consisted of Mr. Stevens, Mr. Lothrop and the president—this special committee. But perhaps we had better not detain you on that, because we will find it. We will go on; Mr. Shattuck will find it out. [Book handed to Mr. Shattuck.]

Q. You gave no mortgage?

A. No, sir.

Q. How much of your notes are out on this now?

A. Two hundred and twenty-seven thousand dollars; no, \$327,000. Three hundred and twenty-seven thousand dollars, in ten-year notes, were given for the property, and \$100,000 for the building and machinery. This \$100,000 has been paid, and \$327,000 is outstanding.

Q. Is that embraced in any particular item on the creditor side of this account?

A. In the ten-year notes, the \$327,000 is included.

Q. In the ten-year notes?

A. Yes; the others have been paid, and wiped out.

Q. All they got was your notes?

A. That is all.

Q. One note, or more?

A. They had 327 of our ten-year notes; and, my impression is, they had twelve notes for the \$100,000, payable in 2, 4, 6, 8, 10, 12 months.

Q. They were the Eastern notes?

A. Yes.

Q. Not of the Portsmouth, Great Falls & Conway road?

A. No, sir.

Q. Why didn't you give them some of them?

A. Then, we hadn't got them—in October, 1872.

Q. You have them now?

A. We hadn't made them then.

Q. The next item, preceding that item, is: engineering and general expenses, \$353,671.33.

A. These are items that we could not properly classify in the other accounts above. For instance, it is the expenses of the engineering corps of the road up to the present time.

Q. It is what you have expended for the engineering and general expenses of the road?

A. Yes, general expenses.

Q. And you put them down in construction account, a half a million or more?

A. Yes.

Q. Can you tell us how much is general expenses, and how much is engineering?

A. No, sir; I could not do that.

Q. Can you tell us what "general expenses" means?

A. General expenses means every item that can't be classified in the items above. For instance, if the engineer should find it necessary to hire a horse and wagon to go over the line, that would be general expenses. If the engineer's corps should find it necessary to board a month, that would be general expenses.

Q. Supposing, knowing that Judge Rice had once been upon the supreme court of Maine, you had retained him, would there be counsel expenses in there?

A. No counsel expenses, unless in the early history of the road. This embraces the expenses from 1835.

Q. Haven't you got on your ledger some account, "engineering and general expenses," which in the aggregate makes that from which this is made up?

A. Certainly.

Q. And doesn't that amount on your ledger show the items of which this is composed?

A. Yes.

Q. Yes?

A. Yes.

Q. So that, if there is anything for counsel expenses, that would show it?

A. Yes.

Q. But you think there is none?

A. I think there is none, unless, in the early history of the road, the expenses of legal advisers may have gone in there; nothing recently.

Q. The next item, "land and land damages, \$2,933,678.87."

A. That is the amount the company own as right of way, or right of lands they have purchased for the business purposes of the road.

Q. On the line of the road?

A. Yes.

Q. My inquiry was simply to ascertain whether or not that is all?

A. That is all.

Q. You didn't hear me: whether that is all within the State of Massachusetts,—in the Commonwealth,—or whether it is land where you have branch roads—the Wolfborough, etc.?

A. No, sir; it does not take in that.

Q. It is all in Massachusetts?

A. Yes; all in Massachusetts.

Q. That, you say, is what this land and land-damage have cost you?

A. Yes.

Q. And, I suppose, there was interest added?

A. Yes; interest has been added to that.

Q. And the item we have just passed, "engineering and general expenses," has interest been added there?

A. None.

Q. In the next item, "Charlestown lands and Austin Street estate,"—any interest added?

A. No interest there.

Q. Nor in "Charlestown improvements," perhaps?

A. No; no interest there.

Q. Then, go back again to the item, "shops, machinery and tools, \$331,445.92,"—is it the amount of cost of these tools originally, or what they are estimated?

A. The cost.

Q. What they cost?

A. Yes.

Q. Then that is the foot of your account under that head?

A. Yes, sir.

Q. Any interest?

A. No, sir.

Q. Well, these have been accumulating a good many years?

A. Yes, and replaced.

Q. Some, perhaps, worn out? What is the value of them now?

A. I should think they were richly worth, to-day, all that they stand there for.

Q. You would?

A. They stand at a low cost.

Q. This next item is engine-houses and car-sheds, \$316,581.51.

A. That is the cost, as near as can be ascertained, of the various engine-houses and car-shops on the road.

Q. In this Commonwealth?

A. Yes; the original cost.

Q. What they cost?

A. Yes.

Q. What is the condition of these houses; whether or not you think this to be a fair estimate of that stock, or are they considerably less.

A. No, sir; they would be less.

Q. How much should you say?

A. I could not say; perhaps \$100,000.

Q. Call them \$200,000, instead of \$300,000?

A. I give that as my best judgment.

Q. "Passenger and freight stations, \$1,630,967.49"—any interest added?

A. No, sir.

Q. Should you say that was a fair value?

A. They could be replaced to-day at a much less cost than that.

Q. How much should you say?

A. Perhaps half a million of dollars; I should say \$500,000.

Q. Could be built for about a million, or a little more than a million.

Well, without going into the items, I suppose the next three preceding

items—"superstructure and iron," "wooden and iron bridges," and "graduation and masonry"—is what you paid out under these heads?

A. Yes.

Q. By the way, it is suggested, who paid for the bridge that cost half a million dollars at Saco; who paid for that?

A. Half a million of dollars?

Q. Well, yes; I think so. Who paid for the bridge, whatever it cost?

A. The Eastern Railroad paid for it.

Q. You paid for it?

A. Yes, sir.

Q. What did it cost?

A. That bridge cost \$65,000 short of half a million.

Q. Now, if you will turn to the other side of the account, and take the item: bonds payable September 30, 1876, \$194,800, secured by mortgage on the Essex Railroad.

A. Yes.

Q. Then there are seven items following that, and they aggregate \$5,691,448—do they, sir?

A. Yes.

Q. That is, the items carried out?

A. Yes, sir.

Q. If you will turn, now, to page 60, Mr. Parker; that means the same thing, doesn't it? [Referring to an item: "Bonds Eastern Railroad."]

A. Precisely the same thing.

Q. Bonds of the Eastern Railroad, five millions and odd; that is the same thing?

A. Yes; the same thing, precisely.

Q. Then there is \$2,000,000 in the next item, which is the same thing as we find on page 60: "Sinking fund loan, \$2,000,000"?

A. Yes; the same thing, precisely.

Q. Then follows three items,—9, 10, 11; these are coupon-notes, ten years, amounting to \$3,676,500, and are the same as the ten-year notes, page 60?

A. Precisely.

Q. Then, under the head of "Temporary Loan," are the notes of the Portland, Saco & Portsmouth Railroad, indorsed by the Eastern Railroad, for \$250,000; that is found on page 60; "Notes payable P., S. & P. R. R., \$250,000"; that is the same thing?

A. That is the same thing.

Q. Then follows items—five items, and these five items aggregate—They begin, Mr. Parker, with the item \$755,400, and end with \$85,000; and they aggregate \$1,777,400, which is "notes payable," on page 60?

A. Yes; "notes payable," on page 60.

Q. Then there is the mortgage-notes, due in 1867, \$724,125; and that is under the item, "mortgages," on page 60?

A. Yes, sir.

Q. Now, a mortgage on what, sir?

A. That is on the Charlestown mill-pond—those Charlestown flats.

Q. This was the item you have been referring to?

A. Yes; the same item.

Q. Whether any other debt besides that item of \$194,400, and this \$724,125, of which you have spoken, is secured by mortgage?

A. These are the only ones. That \$194,400 came to us by the Essex Branch; the Lawrence Branch, we call it now.

Q. The next is borrowed money, \$11,599?

A. We borrowed that from the Portland & Saco road. It is their property,—belongs to the stockholders of that road.

Q. These bonds of the Portsmouth, Great Falls & Conway Railroad are put down here at \$514,000; these are the bonds—

A. What page is that?

Q. Page 60. "Bonds Portsmouth, Great Falls & Conway Railroad, \$514,000." That means the bonds you have indorsed, doesn't it?

A. Bonds we have indorsed and sold.

Q. Bonds you have indorsed and sold?

A. Yes.

Q. You owe that, of course?

A. Yes.

Q. They are no part of the \$486,000 item on the other page? [Referring to an item, "Bonds Portsmouth, Great Falls & Conway Railroad, par value, \$1,000, \$486,000."]

A. No, sir.

Q. These you hold?

A. Yes.

Q. And you reckon these at par?

A. Yes.

Q. And these bonds, of which you have spoken, are the aggregate of those bonds which you sold in the open market, you said, and which Mr. Hooper took, and so on?

A. Yes.

Q. What is this item of "debt, without interest," amounting to \$270,956.55?

A. That is our monthly bills and balances, due connecting roads, on which no interest is paid; floating debt.

Q. (By Mr. SAWIN.) Are these bonds of the Portland, Saco & Portsmouth—are they secured any more than the Eastern bonds?

A. No, sir; they are not.

Q. On Portsmouth, Great Falls & Conway, I should say; are those secured any different from yours?

A. No, sir. They are simply bonds, open indentures.

Q. (By Mr. THOMAS.) Turn, now, to the page, "profit and loss, legal expenses and worthless claims, \$20,175.57"; what does that mean?

A. Twelve thousand five hundred dollars of that is probably due from the European & North American Railway. It is considered worthless for the present. Something may come out, but it was thought best to charge it off. The balance, \$8,000, are the legal expenses and worthless claims, and, perhaps, \$1,000 is for damaged freight and unclaimed baggage, which is charged to the agents and charged off in that manner.

Q. Charged off. When was that charged off?

A. This last year.

Q. Were those legal expenses incurred this last year?

A. No, sir. They were incurred in former years to a great extent, and charged off this last year.

Q. Was it your custom, when you made up your report in years previous to this one, to charge off legal expenses to profit and loss?

A. As far as we could get at them, always. Some of these bills we didn't know about.

Q. I see, in 1871, we have here, "profit and loss, \$91,219.18."

A. In 1871?

Q. Yes.

A. Our profit-and-loss account embraced everything that is not chargeable to the other accounts.

Q. "Maine Central stock, charged off in 1874, \$69,185.65." What does that mean?

A. It means the difference between the stock as the committee valued it and its cost. Perhaps I could better express that to say that the cost of the money to carry that was about 17 and 65-100 per cent. on the value of the stock.

Q. To carry it?

A. To carry it; to pay for it.

Q. The money raised to pay for it?

A. That proportion of the money was chargeable to Maine Central stock, and was charged off on profit and loss.

Q. Is there any charging to profit and loss on this great loss on the Portsmouth & Conway Railroad stock?

A. That was previously charged.

Q. Had that been previously charged off?

A. That had been previously charged. Let me understand your question. You asked of the loss on the Portsmouth, Great Falls & Conway stock. There has been no loss on that. The company has not parted with any of it, and it stands to-day at its par value.

Q. I understood you, yesterday, there was no value to the stock.

A. It stands at par value.

Q. But I saw by the papers this morning there was some of it sold yesterday at five. You have got it charged on your books at par?

A. At par.

Q. The committee only value it at two and a half; but supposing it to be five, have you charged off ninety-five to profit and loss?

A. We have charged nothing off. Till the company part with it, I don't suppose we could make any charge of that, except an arbitrary one.

Q. On the other side of this account,—the increase of construction account,—I see, "passenger and freight stations at Noble's Island, Mount Desert. Salem, Boston, Charlestown, North Berwick, etc., \$23,252.38"; what does that mean?

A. That is added to construction. At Noble's Island. That is in Portsmouth, N. H. It is the Eastern Railroad in New Hampshire, and

leased by this road. The company have put up coal-sheds, or coal-wharves. At Salem they had done the same thing. At Boston and Charlestown,—that relates to the Charlestown purchase,—the main purchase I have spoken of before,—and at North Berwick, additional land for a passenger-station. The account at Mount Desert is simply repairing a wharf down there.

Q. Repairs made?

A. On a wharf.

Q. The one we were speaking of?

A. Yes.

Q. How much have you spent down there?

A. I should think, perhaps, a sum less than \$500.

Q. What about this North Berwick land down below? What about a purchase or sale of land? What land was it you purchased or sold there?

A. At North Berwick we purchased no land, except a station. The Boston & Maine Railroad located over the land of the Portland & Saco Railroad, and that was the damage paid the Portland & Saco, or Eastern Railroad.

Q. By the Boston & Maine?

A. Yes.

Q. That means less land sold?

A. It means money that was paid by the Boston & Maine in settlement of damage.

Q. What was it about—a mill-pond at Portsmouth?

A. About the mill-pond at Portsmouth.

Q. Whom did you buy that of?

A. It was bought of various parties.

Q. Who bought it?

A. My impression is Gov. Goodwin finished the transaction.

Q. Who began it?

A. Gov. Goodwin—the directors of the New Hampshire road?

Q. What had that to do with you?

A. We wanted it for engine purposes and freight purposes.

Q. Well, did you pay for it?

A. Yes.

Q. How much?

A. Forty thousand dollars.

Q. Who did you pay it to?

A. My impression is, we paid Mr. Hackett for the various parties.

Q. Who negotiated the purchase here—Mr. Lothrop or Mr. Wool-dredge? Who did it?

A. I don't think any one here. I think that was done by Gov. Goodwin.

Q. And you paid it on his order?

A. Yes.

Q. Never came before the directors?

A. I think it came before the board.

Q. Any vote passed?

A. I don't think there was any vote passed. There may have been. I am not positive about it.

Q. You sold some land in Charlestown to the Lowell road?

A. The Lowell Railroad crossed before we obtained possession of it.

Q. That was damage, I suppose?

A. Yes. In all, they paid us some \$13,000 or \$14,000, I think it was.

Q. "Discount on sinking fund loan, notes and bonds, \$340,512.51."

Why is that put in the construction-account? I don't understand it.

A. That is the proportion that the construction-account should bear.

Q. Why?

A. The earnings of the road had been applied to building, and this was the relation of the interest. For instance, the Charlestown land—the property there. That required the negotiation, perhaps, of \$2,000,000. Of that \$2,000,000, we had to lose about \$300,000. It was deemed a just charge to the cost of the road that that \$300,000 should be charged to it. It increased the cost of the property by that sum.

Q. Did you have anything to do with the road that ran from Maine through up into Canada?

A. The Portland & Ogdensburg? That is what it was called.

Q. Yes, that is the road I speak of. How much money did you pay on that?

A. Not a dollar.

Q. Didn't you buy some of Baylies, of Montreal?

A. We indorsed Baylies' note for \$20,000.

Q. What for?

A. To aid him for the extension of the road, whereby the business would come down over the Portland & Ogdensburg to our road.

Q. Did you buy nothing of him?

A. We took bonds of the Portland & Ogdensburg,—the Vermont division,—and held them, for \$26,000, and indorsed his note for \$20,000.

Q. Any account of those bonds in here.

A. No, sir; there is no account of that, excepting—

Q. Have you got it on your books?

A. This transaction is on our books.

Q. What has become of the bonds?

A. The bonds are in the company's possession.

Q. Have they value in them?

A. They are of uncertain value, to-day.

Q. Are they worth anything?

A. I could not answer that.

Q. Why don't you put them with this account, if they are property? Why don't you put them in there, and reckon them as something? Isn't it because they are good for nothing that they are not put in here?

A. I could not answer that question. I don't remember that the question came up at the time the report was being formed.

Q. Because if there is a value that would add to the property of the Eastern Railroad, wouldn't it, so much? If they are \$20,000 in value, if it makes the Eastern Railroad worth \$20,000 more?

A. Yes.

- Q. Why is it not carried out, then? If you don't recollect, say so.
- A. I have no recollection of it.
- Q. Who made the transaction?
- A. I think that was done by Mr. Lothrop.
- Q. Yes?
- A. I think that was done the last of the year 1873.
- Q. Is there any vote of the directors about it?
- A. No, sir.
- Q. No vote?
- A. I think not.
- Q. Do you know whether the directors ever voted on it?
- A. The directors went over that portion of the road.
- Q. You indorsed this man's note?
- A. Yes.
- Q. You paid it, didn't you?
- A. Yes.
- Q. And you received the bonds?
- A. Yes.
- Q. But you didn't buy them?
- A. No, sir.
- Q. What is it, any more than paying so much for the bonds?
- A. It amounted to that.
- Q. Yes, and, if the bonds are good, you have something?
- A. Yes.
- Q. And, if they are not good, what have you got in consideration?
- A. Nothing at all.
- Q. Mr. Lothrop did that, when?
- A. In the autumn of 1873, I think.
- Q. They appear somewhere on the books?
- A. Yes, they appear on the books.
- Q. Well, now, what is it about the Wolfborough, at Wolfborough?
- A. Wolfborough wharf?
- Q. The wharf at Wolfborough.
- A. Where do you find that?
- Q. I don't find it anywhere, but there is a memorandum handed me, which somebody wishes me to ask you: "Did the Eastern Railroad pay for the wharf at Wolfborough—steamboat-landing there?"
- A. I don't remember that the Eastern Railroad ever paid a dollar.
- Q. Got no memorandum of it?
- A. If it was paid anywhere, it was paid in the cost of the Wolfborough road, by the Wolfborough people. There is a wharf there that is rented for \$400 a year to the Boston & Maine Railroad.
- Q. Was not that done to prevent the Boston & Maine Railroad from selling it, or something of that sort?
- A. I never heard of that.
- Mr. THOMAS. I don't know as there is anything suggests to ask this witness now.
- Mr. JAMES. I wish to ask him one or two questions in relation to that petition I offered.

Mr. WILLIAMS. One moment, Mr. James, the Committee would like to consult about it.

The CHAIRMAN. The Committee would prefer, Mr. James, you would put your questions through Mr. Thomas.

Mr. JAMES. I only wish to ask one or two questions.

The CHAIRMAN. Can't you do that through Mr. Thomas?

Mr. JAMES. I only want to ask one or two questions.

The CHAIRMAN. Can't you ask those questions by Mr. Thomas?

Mr. JAMES. I want to ask about my going there and asking for a meeting.

The CHAIRMAN. Will you put this question, please, Mr. Thomas?

Q. (By Mr. THOMAS.) Something was said about a petition for a meeting. I think a meeting of the stockholders you were requested to call. Were you requested to call such a meeting?

A. Yes.

Q. You had a petition handed you?

A. Yes.

Q. What did you do about the petition?

A. The petition came up before the board for consideration, and the annual meeting being so near at hand,—within, I think, twenty-one days,—it was deemed inadvisable.

Q. When was this petition handed you?

A. I should think the petition came about the 18th or 20th of January.

Q. Twentieth of January, or December, was it? or don't you remember?

A. I will not be quite sure about the date.

Q. It was laid by you before the board?

A. It was laid before the board.

Q. And for some cause or other the petition was not granted; you say because it was not deemed advisable, there being a regular meeting coming soon?

A. I think it came up again at the regular meeting of the board on the 21st of January; I think that was the first meeting after the petition—

Q. Well, was it the 21st of December?

A. The 21st of January, I think, it came before the meeting; Mr. James may have handed it to me in December, and it was put before the board at their next regular meeting.

Mr. MOSELEY. Some questions have been handed me to ask this witness, and as I was not here in the early part of the meeting, they may have been asked, and with your permission, Mr. Chairman, I will hand them to Mr. Thomas, and let him see if they have been already answered.

The CHAIRMAN. I would suggest that the Committee desire that the questions should be put by the counsel on both sides, and if there are any questions to be asked by any one, they should be given to the counsel.

Q. (By Mr. THOMAS.) I don't know but you have answered who you bought the land of for the Market Street depot, at Lynn?

A. I have answered that.

Q. I don't remember; please say whom?

A. John H. Alley.

Q. The next is, Who built the depot?

A. John H. Alley.

Q. Do you know whether any of the directors had any interest in the contract to build that depot?

A. I don't know about it; I don't think they had.

Q. Well, you don't know anything about it?

A. No, sir.

Q. The cost of the depot, I think, has been asked?

A. Yes, sir.

Q. I don't know, but I believe it appears in this report, that the depot was sold, was it not, or the debris, for \$1,500?

A. Yes, sir; the main part of the depot remained in the company's possession.

Q. Well, who purchased these remains for \$1,500?

A. I think it was offered to several junk-dealers,—it was old iron, principally; my impression is it was bought, a portion of it, by Mr. Davis of Salem, and other junk-dealers in the place; the doors and windows, and every available thing that could be used, are yet in the company's possession, in the storehouse at Salem.

Q. Of no value, I suppose?

A. Only that we can use them in another station.

Q. Well, who ordered that to be torn down, or removed? I don't know whether you answered that, or not.

A. I think I did.

Q. I think you told me, yesterday, that this note to Judge Rice was not indorsed?

A. Only by the treasurer; payable to the treasurer's order, and by him indorsed.

Q. Well, that was just to make it negotiable?

A. That is all.

Q. Well, that added no additional value to it?

A. No, sir.

Q. Well, this Judge Rice had been a judge of the supreme court of Maine, but he was not then?

A. No, sir.

Q. He was the president of the Maine Central Railroad?

A. Yes, sir.

Q. And he was preceded by Mr. Lothrop?

A. In the Maine Central?

Q. Yes

A. No, sir; Mr. Lothrop was never president of the Maine Central Railroad.

Q. Wasn't he president of the Maine Central Railroad?

A. No, sir; he was succeeded by Governor Morrill.

Q. Who, of your directors, was a director in that road?

A. Mr. Johnson was a director, Mr. Cummings was a director, Mr. Jones was a director, Mr. Wooldredge was a director.

Q. (By Mr. SHATTUCK.) That was afterwards.

A. Yes, sir.

Q. (By Mr. THOMAS.) Well, wasn't there, immediately after this purchase, a contract made with the Maine Central Railroad?

A. Not until some time after.

Q. Well, that was part of the consideration for this?

A. Yes, sir.

Q. Part of the consideration for this \$60,000?

A. Yes, sir.

Q. It was understood that he was to do that for you?

A. I think that was so.

Q. Well, who gave this note to Judge Rice; did you give it to him?

A. I gave it to him; or gave it to Mr. Libby for him; Judge Libby was attorney for Mr. Rice.

Q. He is a judge now?

A. Yes, sir; he is a judge in the supreme court.

Q. Did you tell us how much you got from the town of Wolfborough for building that branch?

A. I have no knowledge of that; it was paid to the former treasurer; I only incidentally learned that the town of Wolfborough contributed a certain sum; what that sum is, I don't know.

Q. Well, the former treasurer of what?

A. Of the Wolfborough road.

Q. Didn't all these books come into your hands?

A. No, sir; they have not come into our possession yet

Q. Well, what was it about this removal of the freight depot from Newburyport to Elliot, Maine? *

A. Freight depot?

Q. Yes.

A. Never heard of it; never heard of that before, sir.

Q. Your books, I think, state how much was paid for running and other expenses; don't they, naturally?

A. Yes, sir.

Q. And who to, I suppose?

A. Yes, sir.

Q. That all appears on your books?

A. Yes, sir.

Q. Was Judge Rice ever your counsel down in Maine?

A. Never.

Q. What was Mr. Lothrop's salary as president?

A. He had \$5,000 from the Eastern Railroad, I think \$2,500 from the Portland & Saco,—either \$2,500 or \$3,000 from the Portland & Saco,—about \$8,000 a year.

Q. Well, that, in point of truth, all came out of the Eastern?

A. Entirely.

Q. Well, what was the need of that machinery?

A. To keep up the organization of that road.

Q. Well, in point of fact, his salary was about \$8,000 from the Eastern Railroad?

A. Yes, sir.

Q. And that was so from the time he entered upon his duties as president until the time he retired?

A. Yes, sir.

Q. And you have already told us when Mr. Wooldredge came in. What was his salary?

A. His salary was \$20,000.

Q. How was that arranged?

A. That was arranged by the Eastern Railroad paying \$10,000; the Portland, Saco & Portsmouth, Great Falls & Conway, and Wolfborough, the balance, divided in that way.

Q. Why is it divided in that way?

A. In order to equalize the expenses properly to the various roads.

Q. Well, the Portland, Saco & Portsmouth, Great Falls & Conway, and Wolfborough roads were not earning anything?

A. No, sir; but we have to keep the account of those roads, under the statutes of those States.

Q. Do you charge it to construction-account, so far as these roads go?

A. No, sir; charge it to the current account of those roads.

Q. You paid him that?

A. Yes, sir.

Q. Who authorized that, sir?

A. There was no vote for that until recently. There was a vote rather legalizing the act done.

Q. Well whose act was legalized thus, if legalized at all?

A. I suppose it was the act of the treasurer in paying the salary.

Q. You paid it?

A. I gave him the salary.

Q. Well, now, is it not, in point of fact, this: he told you to pay him the money, and you paid it to him, and then the directors confirmed it?

A. No, sir; it is not so.

Q. Well, you didn't fix his salary?

A. No, sir.

Q. Well, who did, if you didn't; is it not true that he did?

A. No, sir; it is not true that he did.

Q. Well, who did, then, if you didn't?

A. When Mr. Wooldredge took the presidency of the road, at the first meeting when it was suggested about his taking it, he didn't want to take it; it was forced upon him; he said to the directors, "If I take it, I take it on the distinct understanding that my salary shall be \$20,000 a year."

Q. Who did he say that to?

A. To the whole board.

Q. Were they all there?

A. Yes, sir.

Q. What did they say?

A. They urged him to take it; they didn't assent or dissent to the proposition at the time.

Q. Did Mr. Haven say he would consent to it?

A. No member of the board said he would dissent or assent.

Q. Nothing said about it?

A. He said he would serve them one month, and at the expiration of that time they could determine whether they wanted his services or not; if they wanted them, he should serve them, with the distinct understanding of \$20,000. The next meeting it came up, and Mr. Wooldredge wanted to resign; the board urged him to continue, and I think the statement was then repeated, "If I continue, you are to pay me \$20,000 a year."

Q. What did they say?

A. Nothing was said about it. He continued to serve as president.

Q. Well, then, if I understand you, he told them, "If I serve, I am going to have \$20,000"; they said nothing, and you paid him \$20,000?

A. We paid him \$20,000.

Q. Well, who fixed the price, if he didn't; perhaps that was assumed, but nobody else fixed it, did they?

A. That is true.

Q. And you paid him, then; he demanded \$20,000; they sat still, and heard him make the demand, and said not a word, and you paid him \$20,000?

A. No, sir.

Mr. SHATTUCK. Now, do you think that quite fair, Mr. Thomas?

Mr. THOMAS. Why is it not, Mr. Shattuck?

Mr. SHATTUCK. Well, you can judge yourself; I don't propose to give you any reasons; I ask you.

Mr. THOMAS. Well, see if I am not fair

Q. (By Mr. THOMAS.) I understand you that he informed them distinctly, "If I serve, I am going to have \$20,000"? That is fair, now.

A. Yes, sir.

Q. They didn't say a word, did they?

A. No.

Q. Well, then, in the next place, he talked about resigning, and they told him he had better not, and he said, I understand, "I must have \$20,000 if I stay"; and they didn't say a word,—not a word,—and you paid the money?

A. I think he was urged to remain, but nothing was said about the payment.

Q. I said he was urged to remain, and he remained?

A. Yes, sir.

Q. But they didn't say a word about salary?

A. No, sir.

Q. And you paid it?

A. Yes, sir.

Mr. THOMAS. I don't see why that is not fair.

Q. (By Mr. OSGOOD.) Who directed you to pay this \$20,000? I don't think you answered that question; or, did you say it because Mr. Wooldredge said he would not serve unless he had that money?

A. No, sir; I paid that in this wise: when the time came round to make up the six months' accounts, Mr. Wooldredge had drawn no salary; I knew the proposition he had made; I went to Mr. Hooper, chairman of the finance committee, with a receipt for his salary; Mr. Hooper said to me, "Don't you pay any bills on Mr. Wooldredge's approval?" I said,

"Yes." Then he asked me, "Why do you make an exception to this; if you pay other bills on his approval, why don't you pay this?"

Q. And did you carry the bill to Mr. Wooldredge?

A. My impression is, I had the receipt in my hand for the finance committee to approve; I saw Mr. Hooper first; he made that remark to me, and I thought myself, as I was going out of his counting-room, I was unusually stupid, indeed, to carry him a bill that I was bound to pay upon the president's approval.

Q. Well, did Mr. Hooper say whether the amount was correct or not?

A. No, sir.

Q. Said nothing at all, except, "why don't you take this bill and let Mr. Wooldredge approve it"?

A. Yes, sir; that was the only conversation that passed between us.

Q. He said: "Mr. Parker, you pay other bills that Mr. Wooldredge approves," and you said, "Yes"?

A. Yes, sir.

Q. "Well, why should you make this bill an exception, and not pay any bill he approves?" and you regarded that as a sort of evasion, didn't you?

A. No, sir; I regarded that as full authority to pay that bill.

Q. Well, as you understood it, however the truth might have been, you paid it by the approval, not on the face of the bill, but by the acquiescence of Mr. Hooper?

A. Yes, sir.

Q. (By Mr. OSGOOD.) I would like to ask you, Mr. Parker, whether you are in the habit of paying bills, upon the approval of the president, of large amounts, that have not been before the finance committee?

A. Always; yes, sir; upon the president's approval.

Q. When the subject-matter has not been voted on by the board of directors?

A. Yes, sir.

Q. (By Mr. THOMAS.) You imply, from his approval of that bill, if I present you one for freight or anything of that kind, that it is right?

A. Certainly.

Q. And you pay it because it has got his approval?

A. Yes, sir.

Q. And this had his approval?

A. This was his approval; yes, sir.

Q. (By the CHAIRMAN.) Why did you show this special one to Mr. Hooper?

A. I have no particular remembrance why I showed it to him, excepting the time came round to make up the six months' accounts, and it occurred to me that the president's salary had not been paid; I drew a receipt and took it to Mr. Hooper, he being chairman of the finance committee, for his approval; I haven't the slightest remembrance, to-day, why I took it.

Q. Had the salary been fixed?

A. It had not been fixed by a vote of the board.

Q. Hadn't been fixed?

A. No, sir.

Q. What do you say your reason was for showing this bill to Mr. Hooper?

A. I had no particular reason.

Q. Well, was it not the reason that would actuate anybody, that if his salary had not been fixed, somebody else ought to pass upon the bill besides the one interested?

A. I think the prevailing idea in my mind was that somebody besides the president should approve the bill.

Q. Precisely the sort of feeling which would actuate anybody?

A. Yes, sir.

Q. (By Mr. THOMAS.) Can you tell us, now, just what reason he stated why he must have \$20,000, or why he appointed himself \$20,000; had he lent the company any money?

A. He lent the company various sums—large sums of money at various times—but the salary was not on that account.

Q. Not on that account at all?

A. No, sir; the salary, as I understand it, was somewhat commensurate with his business; he would have to relinquish his business in which he was then engaged, and would lose from \$40,000 to \$50,000 a year, to take the presidency of this road.

Q. Had to give up his own business?

A. Yes, sir.

Q. That was all very well for him; but, looking to the good of the company, did it not occur to you that it was a most extraordinary salary to pay him? Didn't it occur to you that if his business was a million a year, that there was another man that could be got for \$10,000 or \$12,000? Mr. Lothrop had only \$8,000.

A. I don't know that I gave that a thought.

Q. I don't know that you are required to, as you are not a director, and only treasurer; I don't know that that is your business. Was he a bondholder at that time?

A. I don't know, sir; he was not a registered bondholder.

Q. Did he hold any of these bonds in the Portsmouth, Great Falls & Conway Railroad?

A. At that time?

Q. Yes.

A. I don't think any were issued at that time.

Q. Don't?

A. No, sir.

Q. Became the owner of any afterwards?

A. As I have stated.

Q. You stated yesterday, I believe, that he did. Was he a large stockholder in your road at that time?

A. He was.

Q. How much stock did he have then, when he was elected?

A. I think he had 109 shares.

Q. One hundred and nine?

A. That is my impression.

Q. That is all he had, 109 shares?

A. That is my impression.

Q. My attention is called to pages 44 and 45 of Mr. Lawrence's report: "Loss, \$500,000 on land in Charlestown; Portsmouth, Great Falls & Conway Railroad, \$650,000 discount on bonds; land bought of the Boston & Maine Railroad"—that was on Causeway Street, or somewhere there?

A. Causeway Street; yes, sir.

Q. Now, without going to each one of these items, "Direct competition with the Boston & Maine Railroad"; I don't know precisely what that means.

A. That means the loss that this road had probably been subjected to on account of the depression of prices at competing points. For instance, two roads competing at the same point would take a passenger, or a ton of freight, at less than it would cost.

Q. What was the cost of this land on Causeway Street; can you tell us?

A. That was taken under a statute?

Q. You got an Act for that?

A. Yes, sir; and the price was fixed by arbitration. It was thought, the price we paid was that sum of money more than the property would bring if offered in the market.

Q. Well, then, those items are simply estimates?

A. Yes, sir; estimates.

Q. You remember how much you paid for the land?

A. Of the Boston & Maine?

Q. Yes.

A. About \$105,000.

Q. Do you remember how much you paid for the whole of the land there, or did you get it all for that?

A. Had it all for that; it cost about \$105,000.

Q. That was by reference?

A. Yes, sir; by reference; fixed by the court. I think the court appointed a master, and the master fixed the price.

Q. Does that include all expenses,—I suppose there were some very large expenses,—or only what you paid for the land?

A. Only what we paid for the land.

Q. What do you estimate the expense at?

A. Ten thousand dollars.

Q. Whose direction was that paid by,—that expense?

A. The president's.

Q. Who was he?

A. Mr. Lothrop.

Cross-Examination.

Q. (By Mr. SHATTUCK.) Will you state fully what the negotiations were with Mr. Wooldredge, with reference to accepting the presidency, and his salary?

A. I don't think I can state that more fully than I have already done.

Q. Whether they had previously attempted to secure the services of other parties, and had offered one man \$25,000 a year to take it, and he declined; have you any knowledge of that?

A. I have no knowledge of that; I simply remember the assertion of one of our directors, that he would not take the presidency for double that sum.

Q. Was Mr. Jones, one of your directors, voted for by some of the directors, for that place?

A. I think he was named.

Q. And do you recollect what his reply was?

A. Well, my remembrance of his reply is, that he would not take it for double that sum, or for any sum.

Q. How long was it after the panic that Mr. Wooldredge took this place? What time was it?

A. It was during the panic.

Q. It was during the panic?

A. The panic commenced in June,—perhaps June or July, 1873,—and Mr. Wooldredge became president in February, 1874.

Q. Do you know the reason why Mr. Lothrop had left?

A. Ill-health.

Q. His health had broken down?

A. Yes, sir; completely.

Q. What can you say as to the labors of the financial committee, and yourself, at that time, in raising money?

A. I should say they were very arduous, indeed,—*very*.

Q. Was there an addition made to the finance committee just before that time, because they found it must have two men to do the work?

A. Yes, sir.

Q. How long before that was it?

A. I should think it was in November,—my impression is, it was in November, 1873.

Q. Will you state what Mr. Wooldredge said, as to his own business, about giving it up?

A. I think I have already stated that.

Q. Well, you may repeat it again, if you please.

A. That in accepting the presidency he should have to give up his own business, which would involve, perhaps, a loss of from \$40,000 to \$50,000 a year.

Q. Whether he refused at first to accept it, and for a considerable time he hesitated?

A. I don't think he refused.

Q. How long before he decided to accept it after he was proposed?

A. I should say, perhaps three or four weeks,—until the next regular meeting.

Q. It was three or four weeks, then, before he consented to accept it?

A. I think so.

Q. Well, now, will you state again what he said as to his salary, if he did take it?

A. That if he accepted the position, he must have \$20,000 a year; that he would not serve for anything less.

Q. Whether Mr. Wooldredge or Mr. Hooper ever indorsed the paper of the Eastern Railroad, and to what extent?

A. To a very large amount. I could not say to what extent.

Q. Take Mr. Hooper, for instance; to what extent did he indorse it?

A. I should say Mr. Hooper had indorsed the paper of the company to, perhaps, the extent of \$800,000 or \$1,000,000.

Q. How about Mr. Wooldredge; to what extent did he indorse it?

A. Perhaps \$400,000 or \$500,000.

Q. Were either of these gentlemen ever paid any compensation?

A. Not a mill; not a dollar.

Q. Not a dollar?

A. No, sir.

Q. Had Mr. Wooldredge, so far as you know, any interest in the company, except in the 109 shares that he owned?

A. None that I am aware of.

Q. I should like to ask you, in general, whether, during this period, Mr. Wooldredge, and perhaps Mr. Lothrop,—whether any of the directors, so far as you knew, or had reason to suspect, directly or indirectly, received any personal benefit from any of these transactions, in the purchase of stock, or the selling of these bonds?

A. Not one mill.

Q. Not one dollar?

A. No, sir.

Q. The plan was to consolidate the Eastern Railroad with the Maine Central, was it not?

A. The plan was to make one line through.

Q. And although the details of the purchases were kept private, was not the general plan of consolidating the Eastern and Maine Central railroads fully discussed and understood by the directors generally?

A. I think it was known to the directors, but it was not discussed at the meetings.

Q. Not discussed at the meetings, but it was known to be the policy of the road at that time to secure the consolidation between the Maine Central and the Eastern?

A. I think that was the desire.

Q. But the particular details of the purchase were not disclosed, so far as you know?

A. No, sir.

Q. Something has been said about the prices of stock; do you know what prices were paid for the Maine Central stock, at different times? You have mentioned Mr. Rice's at \$100, you have mentioned others at \$60; whether there were prices between those?

A. I think some have been paid as high as \$70 and \$77, and a few shares at \$80.

Q. So that the stock, with the view to controlling the road, was bought all the way from \$60, and not bought lower than \$60?

A. I think none was bought lower than \$60.

Q. So far as you know, was it bought at the lowest price at which it could be bought?

A. That is my judgment.

Q. Of course, as the road bought it up, it pushed up the price, I suppose?

A. Yes, sir.

Q. What was the purpose in purchasing land in Charlestown?

A. To accommodate the business that would come from the Maine Central Railroad.

Q. Was the subject of purchasing that fully discussed, and the views of the road in reference to making the purchase, and of the directors fully discussed at the board meetings?

A. Fully.

Q. To what committee was the matter of purchasing that land referred? You recollect this vote,—this vote of July 23, 1873— The committee on finance consisted then of Mr. Hooper and Mr. Haven; didn't it, at that time?

A. The president, Mr. Hooper and Mr. Haven were the finance committee.

Q. "The committee on finance, to whom was referred the subject-matter of terminal facilities, reported to the board their conference with the land-owners in Charlestown, and, on account of the great expenditure of money it would require, they deemed it advisable to have the full views of the whole board on the subject. The president reported verbally, on behalf of the committee, the cost of taking, and the large amount of money it would require to carry out the plan, as needed for the road's purposes, and after due deliberation it was unanimously voted, that in the opinion of this board it is expedient to purchase or take, as authorized by law, land in Charlestown, for their purposes, between Blank Street and Jenner, or so much of this property as may be necessary for that purpose, in accordance with the provisions of the Act of 1873; and the directors recommend that the finance committee proceed at once to commence and carry out the plan on the best terms that can be obtained." That vote was passed. Was this authorized by the legislature of the year before,—this taking of land in Charlestown?

A. Yes, sir.

Q. It was a matter, then, that was not only discussed by the directors, but was brought before the legislature?

A. Yes, sir.

Q. Do you know, before the Act, which took effect in February, 1875, that Mr. Lothrop understood that this corporation had authority to buy this stock of this connecting road, in order to consolidate?

A. I do not know, sir.

Q. You know he went on to do it?

A. Yes, sir.

Mr. THOMAS. The witness stated, the other day, that he did not, because that was the reason it was transferred to him as trustee; that was the way the inquiry began.

Mr. SHATTUCK. He didn't, what?

MR. THOMAS. It was transferred to him as trustee; it was taken by him as trustee, because it was supposed they hadn't authority to take it otherwise.

WITNESS. That was my inference.

Q. (By Mr. SHATTUCK.) That was bought up with that view?

A. Yes, sir.

Q. The particular contracts in relation to it, as I understand, were made by Mr. Lothrop himself, for the purchase of this stock?

A. Yes, sir.

Q. Now, as to the Portsmouth, Great Falls & Conway road; when was that built?

A. It was built in 1871.

Q. Did the Eastern directors and friends subscribe for the stock?

A. Very largely.

Q. For what purpose?

A. To build the road, so that the business of that country might pass over the Eastern line entirely.

Q. Do you know what the directors of the Eastern Railroad, who took stock in that road, paid for this stock?

A. Paid par.

Q. Do you know what amount Mr. Hooper took?

A. I don't now remember; but my impression is, 100 shares.

Q. And did the other directors take stock,—some of them?

A. Yes, sir.

Q. And paid par?

A. Yes, sir.

Q. What is that stock worth, to-day?

A. Mr. Thomas told me it was worth \$2 a share.

Q. They paid par for that stock—the directors?

A. Yes, sir.

Q. The road was finished, at what time?

A. Finished in June, 1872. A circular was sent to every stockholder in the Eastern Railroad, giving them the right to take the Conway stock, —one share of the Conway stock for twenty-five shares of the Eastern Railroad.

Q. That is, this stock of the Conway road, which is now worth \$2 a share, was offered to all the stockholders of the Eastern road?

A. Yes, sir.

Q. The road was built, the Eastern road advancing money for part of it, as I understand; and how many bonds did the Eastern Railroad have?

A. From that road?

Q. Yes, sir.

A. One million dollars.

Q. How many have they now?

A. Four hundred and eighty-six thousand dollars.

Q. Were the others sold at the best price they could get for them?

A. The best price that could be obtained.

Q. Those sold before the panic, brought how much?

A. Par.

Q. And those sold after the panic, brought how much?

A. They were exchanged, mostly, for our own indebtedness, and at \$80 when they were sold in the market.

Q. Sold in the market at \$80?

A. Yes, sir.

Q. Do you know why the directors took any of them at \$80; do you know the reason?

A. The reason was to give the company money, and help on the sale of the bonds.

Q. Didn't other parties refuse to take them, and say to the directors, unless you show your confidence in these bonds by taking them at \$80, we will not take them at \$80?

A. I have been so informed.

Q. And this purpose of the directors in taking them at \$80 was to induce other parties to come in and provide funds for the Eastern road?

A. Yes, sir.

Q. Didn't the directors actually borrow the money to take these bonds, in order to raise funds for the company?

Mr. THOMAS. How can he know that except by hearsay?

Mr. SHATTUCK. The best way to find out was to ask him.

Q. (By Mr. SHATTUCK.) And at the same time, when they took them, the bonds were selling, by Brewster, Sweet & Co., at 80 per cent.?

A. Yes, sir.

Q. How long had they been in the hands of Brewster, Sweet & Co., for sale at 80 per cent., before they were actually sold?

A. My impression is, one month or six weeks.

Q. Had they been able to sell any?

A. I think they had only sold two or three.

Q. Only sold two or three in a month or six weeks, until the directors put their shoulders to the wheel and helped on the sale?

A. That is my impression.

Q. Now wasn't there a scheme of the directors and friends of the Eastern Railroad to buy up the stock in the Maine Central for the benefit of the Eastern Railroad?

A. I never so understood that.

Q. Didn't they start in that way?

A. I never so understood it.

Q. And don't you know that Mr. Lothrop advised them, if they bought it personally, and then consolidated with the Maine Central, and made the stock more valuable, that it would be an improper position to place themselves in as directors?

A. No, sir; I didn't so understand it.

Q. And therefore the Eastern road ought to have the whole benefit of it; wasn't that the fact?

A. I don't think I ever heard of that.

Q. You don't know that Mr. Lothrop, because he thought that the directors ought not to put themselves in the relation of buying the stock of a road that they intended consolidating with, his objection naturally

prevented the purchase of it by the directors; and their friends, instead of the Eastern road?

A. I know that would be Mr. Lothrop's policy, but I never heard of that.

Q. I would like to read an extract from a letter written two or three years ago, and ask you if you have any recollection of that matter: "Under the circumstances, it seemed to me the directors of the Eastern road might be charged with making an arrangement to benefit themselves individually if they bought Maine Central stock; therefore I propose that the purchases made should be for the account of the Eastern Railroad Company." Now, do you recollect that that statement, or anything to that effect, was made?

Mr. THOMAS. Now, who writes that?

Mr. SHATTUCK. It is a letter from Mr. Hooper.

Mr. THOMAS. They did exactly that thing in the case of the Portsmouth, Great Falls & Conway road.

Mr. SHATTUCK. I beg your pardon; they had offered to all the stockholders of the Eastern Railroad, stock of the Portsmouth, Great Falls & Conway Railroad in exact proportions to their interest, and they had taken—the directors had—their own proportions of it at par, and, of course, have lost all they put in; that is, it is now worth \$2.

The CHAIRMAN. That is, the directors made this same proposition to the stockholders.

Mr. SHATTUCK. In the Conway road, when they proposed to have the extension to Conway for the benefit of the Eastern road, the directors offered to all the stockholders in the Eastern road their share, their proportion of stock in the Conway Branch, but induced them to take it to help the construction of that road, which they thought would be an important feeder to the Eastern. A few of the stockholders took their shares; the directors took their shares. When they came to the question of consolidating with the Maine Central, and the directors proposed at first to buy it, because that was necessary,—to do it secretly, and to buy to some extent,—Mr. Lothrop said that they ought not to do it, because if they consolidated with the Maine Central, it would put up the value of the stock, and the directors would be charged with having filled their pockets at the expense of the road; and, therefore, he insisted that the stock should be bought by the Eastern Railroad Company instead of by the directors.

The CHAIRMAN. That very interesting portion of Mr. Hooper's letter has a bearing upon other investigations before this Committee.

Mr. SHATTUCK. I don't appear for Mr. Lothrop; you all know he is absent in Europe, and sick; but as I found this was a fact, I think it but justice to him to state it.

Mr. THOMAS. You say the directors did buy some?

Mr. SHATTUCK. They bought up a few hundred shares.

• Mr. MOSELEY. Who is that letter from?

Mr. SHATTUCK. This is a letter from Mr. Hooper to Mr. Wooldredge.

Mr. MOSELEY. Will you allow the Committee to look at it?

Mr. SHATTUCK. It is a private letter, containing matters referring to

other parties; but I have no objection to show it by and by to the Committee, though I object to make it public.

Mr. THOMAS. The witness says he knows nothing about it.

WITNESS. I never heard anything about it.

Mr. SHATTUCK. We shall develop this afterwards

Q. (By Mr. SHATTUCK.) One more question, as to the Bar Harbor land: that was bought, you stated, by the Portland, Saco & Portsmouth Railroad?

A. Bought by the Portland, Saco & Portsmouth Railroad.

Q. Did the Portland, Saco & Portsmouth Railroad own any interest in the steamers running to Bar Harbor?

A. They did.

Q. They owned an interest in the steamers to Bar Harbor, and the same road, owning the steamers, bought the land?

A. Yes, sir.

Q. And you know nothing about the price which was paid for it?

A. No, sir.

Q. Isn't that the only wharf at Bar Harbor which is available for steamboat purposes?

A. I am so informed.

Mr. THOMAS. Well, we shall have a witness to show that it is not.

Mr. SHATTUCK. I don't know whether it is, or not; I am not here to show that the Eastern directors may not have made mistakes.

Q. (By Mr. SHATTUCK.) Something has been said about Mr. Lothrop's and Mr. Wooldredge's salary being divided between various roads; will you state when the vote was passed, apportioning the salary between the various roads?

A. In May, 1872, I think it was.

Q. Then, that apportionment of salaries was not passed with reference to Mr. Wooldredge's salary, at all?

A. No, sir; it was passed to equalize the expense in the various roads.

Q. It was passed, not with reference to the salary of Mr. Lothrop and Mr. Wooldredge, but it was passed to equalize the expense of the various roads?

A. Yes, sir.

Q. And it was passed before Mr. Wooldredge's salary was fixed?

A. Yes, sir; and the same apportionment was made.

Q. Mr. Lothrop was paid, in addition to his salary, a further compensation, for extra work?

A. The board voted him an extra sum.

Q. How much?

A. Five thousand dollars, on his retirement.

Adjourned till 9 A. M., Thursday, March 16, 1876.

THIRD HEARING.

RAILROAD COMMITTEE, STATE HOUSE, BOSTON, }
THURSDAY, March 16, 1876. }

The Committee met at 10 A. M. Senator PALMER in the Chair.

Mr. E. W. JAMES, one of the signers of the petition, claimed the right to ask Mr. Parker some questions.

The CHAIRMAN stated that it was the desire of the Committee, that the interrogatories to witnesses should be confined to counsel, in order that the hearing might be conducted in as orderly a manner as possible, but requested Mr. James to wait until the full Committee was present, when the matter would be decided.

TESTIMONY OF MR. JOHN B. PARKER—*Continued.*

Q. (By Mr. THOMAS.) Turning to the railroad commissioners' report, on page 50, I find this statement: "Some question has also been made as to the regularity of all the issues of bonds, and it has been asserted, that one lot of at least \$250,000 was not authorized, and was made under circumstances amounting to overissue." I ought to state to you and the Committee, that I intended to have asked these questions yesterday, but overlooked them. Now, will you tell us if you know anything about the facts, or in reference to this statement?

A. There was no overissue of bonds whatever. I think it was in the autumn we made an issue of bonds, due in 1888, under a vote supposed to have been passed by the stockholders in February before; these bonds were printed, but were never issued. The sterling bonds were afterwards substituted in their place. One book of these bonds was at the Merchants' Bank and the other was in the office of the former president of the road. Both books are now in the possession of the Eastern Railroad, and have never been used, or a bond taken out.

Q. Are the bonds signed by the president and by yourself?

A. Yes, sir; by the president and myself.

Q. What president?

A. I think it was Mr. Wooldredge.

Q. And not one of those bonds, you swear, has been issued?

A. Never has been a bond cut from the company's books

Q. Why should not these bonds be cancelled and destroyed?

A. They are cancelled and destroyed.

Q. Oh ; they are cancelled ; so that not one of those bonds has been issued ?

A. Perhaps I ought to qualify the word, destroyed ; they have not been destroyed, but holes have been put through every coupon and bond.

Q. I suppose that includes cancelling. You mean, I suppose, they are destroyed so as to prevent negotiability ?

A. Yes, sir.

Q. From whom did the commissioners derive this information ?

A. I do not know, sir.

Q. Didn't these commissioners, before they published this report, come and ask you about it ?

A. I don't remember that I was ever asked a question on that point.

Q. Allow me to refresh your recollection. This report was very recently published, and the facts must have been obtained within a very few months. Have you no recollection that, while they were collecting the facts to make up this report, they did come to you and ask you about it ?

A. I have no remembrance of it. Mr. Adams and Mr. Johnson were at our office more or less, and it is very possible they might have asked me some questions about it, but I have no remembrance of it at the present time.

Q. On this same page, some reference is made to the issue of \$2,000,000 of bonds ; they say : " The last negotiation of two million seven per cent. securities, known as sinking-fund notes, which were placed on the market at 90 or more, and brought into the treasury of the corporation but 85 per cent. of their value, also calls for investigation."

Q. Those two millions were put on the market, how ?

A. The contract was made with Richardson, Hill & Co., for the sale of two millions of what were called the sinking-fund loan—a ten-year loan of coupon notes.

Q. When was that contract made ?

A. I think it was made in November or December, 1874.

Q. Have you that contract among your papers ?

A. I have, sir.

Q. Will you be pleased to hand it to the reporter, so that it may go into the report ?

A. Yes, sir, I will.

Q. That contract contains the transactions, I suppose, with Mr. Hill and his firm, in full ? There will be no objection to inquiring about the contents of that paper. Now, by that contract, did you fix the price at which the firm of Richardson, Hill & Co., were to have these bonds ?

A. The contract fixes the price.

Q. At what price ?

A. At 85.

Q. They were to take the bonds at 85 ; then were they to sell them on their own account ?

A. It was an outright purchase.

Q. That is to say, they placed them on the market, on the best terms they could.

A. They placed them on the market as they chose.

Q. Then, in point of fact, you sold them these bonds under this contract, and the contract, I suppose, provides for the getting the payment to you on time?

A. Yes, sir.

Q. Who made that negotiation with Richardson, Hill & Co.?

A. I think that was made by a committee of the directors, consisting of the president and Mr. Hooper.

Q. Who was president?

A. Mr. Wooldredge. Mr. Lothrop had gone out of office; he retired in 1873.

Q. Was this disposal of these bonds done by the vote of the directors?

A. It was.

Q. Have you got it?

A. I haven't it here; it is probably at the office.

Q. Will you also furnish that to the reporter?

A. Yes, sir.

Q. Do you remember, now, who was present at that meeting, when the directors voted to dispose of those bonds at 85 per cent.?

A. I do not know; but the record will show.

Q. Do you know whether there had been negotiations in Boston or elsewhere, to place those bonds?

A. I think there had been, sir.

Q. Do you know anything about it, except what you have heard?

A. That is all.

Q. You realized 85 per cent. on these bonds?

A. Eighty-five per cent.; yes, sir.

Q. And the bonds are still outstanding?

A. Yes, sir.

Q. And that is all you know about them?

A. That is all.

Q. One or two other questions, which I had omitted in my haste, as I desired to press the examination as rapidly as possible. Suppose this company were to go into bankruptcy; how, as you understand it, would the relations of the Eastern Railroad in New Hampshire and your Eastern road be affected, if at all?

A. I think the contract would be broken.

Q. Be destroyed?

A. I should say so.

Q. Then, what hold have you, in point of law, so far as you understand it, by written document, on the Portland, Saco & Portsmouth road?

A. A contract—a business contract.

Q. How long is that to be continued?

A. That is perpetual.

Q. How would that be affected?

A. It would be broken also.

Q. You think so?

A. Yes, sir.

Q. That contract is in the nature of a lease?

A. Yes, sir; it is not a lease, but in the nature of a lease.

Q. Have you any contract in relation to the Maine Central road?

A. We have, sir.

Q. I would like these contracts at your leisure,—to have you give them to the reporter, that they may go into the report, and upon the record.

Q. How long does that give you control of the Maine Central business?

A. I should say that was a perpetual contract.

Q. That might be broken by the bankruptcy of the Eastern road?

A. Yes, sir.

Q. That is your judgment?

A. Yes, sir.

Q. I infer, from this report here, that the Wolfborough Branch is of no value?

A. Of no value; no, sir.

Q. I see this board of railroad commissioners recommend an investigation into the securities of this Wolfborough road. Reference is made especially to the transactions of the Wolfborough securities,—that is, by the commissioners. Have you got any Wolfborough Branch securities?

A. Nothing but their stock, which is valueless at present.

Q. You don't deem there is any value in the road,—in running it?

A. No, sir.

Q. I didn't inquire of you particularly about the property in East Boston. What property have you got there?

A. The company have a large property in East Boston; a considerable portion of it is for their machine-shops.

Q. Can't you tell me under which item, in this report of the present president, I shall find the schedule of that property?

A. A schedule of the property?

Q. Yes, sir. What item is that in?

A. My impression is that it is not in any item; a large amount was used for freight purposes, and for machine-shops, and is included in the item "Land-damage and fences"—in the \$2,936,000 for the shops.

Q. "Land and land damage," you mean?

A. Yes, sir; the old style was "Land-damage and fences"; it is included in that.

Q. So that, in point of truth, it is embraced in your inventory of property; and have you no property which your president has overlooked?

A. No, sir; none.

Q. It is suggested you have some building lots on Saratoga Street?

A. That is embraced in this same item.

Q. Do you let those building lots?

A. No, sir.

Q. Do you derive any income from them?

A. No, sir; not a cent.

Q. From any of your East Boston property?

A. Yes, sir; on Lewis Street we derive some rents.

Q. Tell us what the aggregate rents derived from the property at East Boston amount to annually?

A. I should say about \$12,000; that is my impression.

Q. Do you deem yourself competent to speak of the value of property there, which is available to sell?

A. No, sir; I do not.

Q. Well, you can indicate who of your directors would know about the matter; my object is to know what, if any, property you have there, which could be disposed of?

A. If our shops and freight-houses could be moved from there, probably \$1,000,000 or \$800,000 could be obtained from them.

Q. Meanwhile, what would it cost to move them?

A. Perhaps half a million of dollars.

Q. Then you would only save less than half a million. Where would you move them to?

A. To the property on the North River, in Salem.

Q. O, down to Salem!

A. Yes, sir; they are off the line of the road now, completely.

Q. Then you say, move your shops and dispose of your buildings and buy others. What would your buildings be worth?

A. They would be worth no more than old material; the machinery could be moved.

Q. Then, in order to dispose of this property, and realize a million dollars, more or less, it would be needful to make an outlay of about half a million to accommodate your workmen in another place?

A. Yes, sir; it would require new shops in the place of the old ones; and some new machinery. I should say the outlay would be half a million dollars.

Q. And you think half a million could be realized on them?

A. I have no doubt about it.

Q. Do you know of any other property which could be wisely or fitly sold?

A. The company have a large tract of land in Manchester, which, on the revival of business, might be sold. There may be, in Manchester, fifty or sixty thousand dollars' worth.

Q. How much could it be sold for?

A. I should think from fifty to sixty thousand dollars.

Q. Haven't you also valuable lands in Rockport?

A. We have no lands in Rockport.

Q. O, in Magnolia.

A. That is the Manchester land I spoke of.

Q. Have you any other lands or wharf property that you think could be sold, with advantage to the company? I want to know in your judgment, so far as you can inform us, what property now owned by the Eastern Railroad Company could be disposed of, and applied to the payment of the debts of the Eastern Railroad, so that at the same time the Eastern Railroad Company could go on, without any serious interruption of its business?

A. Do you mean to include the East Boston property with the removal of the shops?

Q. Yes, sir. But my question includes that you will not embarrass your business at all. Now, under those circumstances, what, in your judgment, could be disposed of?

A. I do not think of anything now, sir.

Q. Now, all the property, so far as you know, owned by the Eastern Railroad, is embraced in this report?

A. Precisely.

Q. Let me ask you, now, whether all the debts and liabilities of the Eastern Railroad, enumerated, are on the other side—on the creditor side?

A. Yes, sir.

Q. I will turn to the next page—page 60. On that page is an item which I wish to ask you about. Do you say that all the debts and liabilities of this corporation are included in this item of debt, save and except the capital?

A. So far as I know, every dollar.

Q. The capital, of course, is a debt; but that I don't look at, at all. If you will look with me, you will find you have made the debt foot up about \$15,000,000.

A. Yes, sir.

Q. Well, now, whether or not there are some other liabilities that you have inadvertently overlooked?

A. I do not know of any.

Q. Now, for instance, let me suggest—I noticed, the other day, that a verdict was recovered against you of \$4,000; was that included?

A. No, sir; that was not a debt at the time the report was made up; it was a question pending at the time.

Q. There is another thing, still more serious to my mind, that I want to call your attention to. If you will turn with me to page 14, on your president's report, you will find the report states: "In January, 1870, the Portland, Saco & Portsmouth Railroad decided to break the contract, and pay the stipulated penalty." I won't read the rest. Turn now, if you please, to page 16, about half way down. He says: "Thus, at all events, it resulted; the contract was broken, the penalty paid, and a new contract of agency made, by which the Eastern Railroad Company obtained the control of the road to Portland, in perpetuity, at a rental of ten per cent per annum, on a capital cost of one and a half million of dollars; that is, a rental of \$150,000 yearly." Now, when your president says that the penalty was paid, is he not mistaken in this—that only \$100,000 was paid?

A. The \$100,000 was paid, and the balance assumed by the Eastern road.

Q. If the balance is also a penalty,—not technical, but real,—and renders the company liable, is that taken into this account, or hasn't your president overlooked it?

Q. No, sir; the company is only liable for this.

A. Now, let me see if you are not mistaken; I hope you are not, really, but there is some fear about it. You know, perhaps, that an action is

pending in the supreme court at Suffolk, by the Boston & Maine Railroad against the Portland, Saco & Portsmouth Railroad?

A. Yes, sir.

Q. And perhaps, you know, in that action, they claim from the Portland, Saco & Portsmouth Railroad, as a penalty or liability under this contract, one-half of \$963,000; or in other words, they say, in their declaration, that the Portland, Saco & Portsmouth Railroad is indebted to the Maine Railroad Company in the sum of \$481,867.95; were you aware of that?

A. I knew a large claim had been made against the Portland road.

Q. On this, as I understand, the supreme court has decided that the demurrer, which was filed by the Portland, Saco & Portsmouth Railroad to this bill by the Maine Railroad, has been overruled. The demurrer was on the ground that the Eastern Railroad was not joined, and that has been overruled, and it has been held that the action of bill can be maintained. Now, suppose the Boston & Maine Railroad should recover under this contract, which is annexed to this bill,—and I have examined that carefully,—the sum of \$481,000, why should not you, having assumed the liability for the Portland, Saco & Portsmouth Railroad, be bound to pay it? Why isn't your company bound to pay exactly what the Maine Railroad recovers?

A. I presume the Eastern road is so bound.

Q. Then, if it should, unhappily, turn out that there is this liability, as they say, on the ground that has been explained,—one-half by the Eastern Railroad, and one-half by them,—then the Eastern Railroad would have that to pay also?

A. Yes, sir.

Q. Then they would be a half a million dollars out, by that debt?

A. Not so much as that.

Q. What, then?

A. Not more than \$30,000, or \$40,000, at the outside?

Q. That is your judgment; I am glad to hear that. This last contract, Mr. Parker, provides that either the said Portland, Saco & Portsmouth Company, the Boston & Maine Railroad, or the Eastern Railroad Company, or any two of them, may terminate the agency aforesaid of this contract, by giving in writing, under the corporate seal of this corporation or corporations, one hundred and eighty days of notice of intention so to do; and the corporation so terminating the same was to pay the corporations dissenting, the sum, in the whole, of \$200,000, without any deductions of any kind whatsoever; and the said sum is not to be taken into account in settling the accounts of the parties in the manner herein to be provided. That was provided—that they should pay their proportion of whatever had been laid out in expenses. You say, now in your judgment, the extent of the liability would not be more than \$30,000 or \$40,000?

A. Yes, sir; only \$30,000 or \$40,000.

Q. I asked you, yesterday, Mr. Parker, about the disposal of these bonds, and I find on examination, which I made personally yesterday afternoon, of the records of the sales of the brokers' board, that in 1873,

in February, the sixes of the Boston & Maine sold, \$21,000 of them, for 91½; I find that \$5,000 of the Portland, Saco & Portsmouth sold at 100½ on the same day; February 12, the Eastern Railroad sevens, \$10,000 worth, sold at 100½; February 12, sixes, \$20,000, 91½; on the same day, Portland, Saco & Portsmouth sevens, \$5,000 worth of them, sold at 100; April 12, I find \$3,000 worth Portland, Saco & Portsmouth sixes, sold for 98½; June 25, Portland, Saco & Portsmouth, \$4,000 worth, at 98½. I find, on February 4, 1874, \$500 worth sold for 93½; and so they go on down to the 27th of May. Were there other sales of the Portland, Saco & Portsmouth securities at this price?

A. I have no means of knowing.

Q. But you would get the money?

A. The company sold none.

Q. Didn't you fix the price at which they should be sold? If they were sold, you would get the money.

A. These quotations you speak of—those are sales at the board, passing from one to another.

Q. Well, if they passed from one to another,—for instance, from me to you,—why couldn't you sell them?

A. I think, at that time, the company weren't selling any.

Q. Suppose they were not; suppose, at the brokers' board, you and I could buy them at that price, why shouldn't we go in and bid them off?

A. The ten-years notes of the company were selling at par at that time, and it was thought better to sell them than Conway bonds at a sacrifice.

Q. But Conway bonds were not selling at a sacrifice in 1873; 98½, that was not much of a sacrifice; that is only 1½ off.

A. That is the only reason I know of.

Q. Simply because they would sell less than par?

A. Yes, sir.

Mr. THOMAS. I believe that is all, Mr. Chairman.

WITNESS. Mr. James stated, in regard to a certain petition, that I said it was presented in December. I said that I believed it was so; that I was not positive. I wish to rectify that statement as to the date; it was in January.

Q. (By Mr. OSGOOD.) I want to ask a single question: have you the contract that was made for stopping the trains at the depot in Lynn, on the Alley land?

A. Yes, sir.

Q. Was it a written contract?

A. I think it was.

Q. Have you it?

A. I have not the paper here.

Q. Is it in your possession?

A. I think it is with the contracts in the company's office.

Q. Will you let me see it?

A. I will, sir.

The CHAIRMAN. The Committee have decided that they think Mr. James should have the privilege of asking the questions he desires, as

he appears as one representing the petitioners; they only wish me to say that yesterday they supposed that the questions could be asked with perfect satisfaction through counsel, as Mr. James, at the beginning of the hearing, expressed a desire to aid Mr. Thomas, in any way he could, in the investigation. The Committee only wish the hearing to go on in as orderly and expeditious a manner as possible.

Q. (By Mr. JAMES.) Will you be kind enough to hand me that petition; you remember what you testified yesterday?

A. I testified yesterday that I believed it was given me in January, but I should not be positive about it.

Q. Do you think that is so, now?

A. I think it was handed me December 21, to be presented at the next meeting of the board.

Q. Didn't you tell me that the board met the next day?

A. I don't remember, sir.

Q. Do you remember my calling about the 10th, and getting the by-laws?

A. I do, sir.

Q. Mr. Chairman, this petition was handed him on the twenty-first of December:—

“DECEMBER 21, 1875.

“To the President, Directors and Clerk of the Eastern Railroad Company:—

“We, the undersigned, stockholders in the Eastern Railroad Company, request that a special meeting of the stockholders be called at the earliest possible time, to take into consideration what action, if any, should be taken respecting the untoward condition of our corporation.

Name.	Residence.	No. of Shares.
E. W. James, . . .	No. 67 Poplar Street, Boston, . . .	68
J. Littlefield, . . .	Cambridge, formerly of Boston, . . .	558
Briggs Mann, . . .	29 Poplar Street, Boston, . . .	58
F. Warren, . . .	317 Columbus Avenue, . . .	358
John M. Clark, . . .	Court House, Boston, . . .	258
James F. Goodwin, . . .	4 Ashburton Place, Boston, . . .	148
J. B. Stowell, . . .	Boston, . . .	108
W. S. Burrill, . . .	Lynn, . . .	28
Mrs. M. A. Clapp, . . .	7 Grove Street, Boston, . . .	108
Charles M. Pear, . . .	17 Worcester Street, Cambridgeport, . . .	5
John B. Pear, . . .	17 Worcester Street, Cambridgeport, . . .	5
Sarah R. Pear, . . .	17 Worcester Street, Cambridgeport, . . .	5
W. H. Simpson, by W. K. Simpson, . . .	6 Ashburton Place, . . .	30
Stillman B. Allen, . . .	20 Court Street, Boston, . . .	50
W. H. Bradley, . . .	City Hall, . . .	308
F. B. Winter, . . .	53 Anderson Street, Boston, . . .	20
Horatio Bryant, . . .	Boston, . . .	208
Clark B. Wood, . . .	Boston, . . .	18
Sarah A. Wood, . . .	Boston, . . .	18
Floradin A. Neal, . . .	Boston, . . .	38

I wish to ask you, Mr. Parker, whether you were at the meeting of the stockholders?

A. I was, sir.

Q. What objection had the directors, some days before, to calling a meeting that we asked for in the petition, so that our folks could talk about the road, before it failed?

A. Shall I read from the records?

Q. Yes, sir.

A. "At the meeting December 30th, 1875, which was the first meeting after December 24th, the president reported a petition from E. W. James and others, requesting that a special meeting of the stockholders be called, and, on motion of Mr. Cummings, seconded by Mr. Jones, it was 'Voted, that whereas, the annual meeting of the stockholders is so near at hand, it being called to be held on the 7th day of February, 1876, it is deemed by the board inexpedient to call a special meeting, without further consideration.'" That was the vote on the petition.

Q. One of the directors tried to get the petitioners to get the others to withdraw their names from the petition. Have you ever seen this paper that Stillman B. Allen signed—this paper:—

"BOSTON, January 19, 1876.

"To the President, Directors and Clerk of the Eastern Railroad Corporation:

"GENTLEMEN:—We, the undersigned, having signed a petition, dated December 21, 1875, requesting a special meeting of the stockholders of the Eastern Railroad Company, hereby withdraw our names from said petition, on the grounds that the annual meeting, to be held on the first Monday in February next, will serve our purpose as well, and avoid the unnecessary expense and time of the stockholders.

Respectfully,

"STILLMAN B. ALLEN.

"JOHN M. CLARK."

You didn't know that your directors were trying to hush this thing up?

A. No, sir.

Q. Never heard anything about it?

A. No, sir.

Q. I would like to ask about that Lynn land. You know John Henry Alley?

A. I do, sir.

Q. Isn't he under guardianship?

A. I do not know; I have never so heard.

Q. Do you know his sister—Mrs. Silver, of Salem?

A. I do not.

Q. The road didn't take any papers from them?

A. I don't remember any papers, except from the Alley heirs; it was from John Henry Alley.

Q. Do you know what Mr. Breed, his guardian, sold that land for?

A. I do not, sir.

Q. You have no idea?

A. Not the slightest.

Q. Never heard it rumored what the land sold for?

A. No, sir.

Q. And never knew that Mr. Breed was his guardian?

A. I never heard it, until this moment.

Q. This is the first intimation, and you don't know Mrs. Silver, of Salem?

A. No, sir.

Q. Now, one word about the Wolfborough wharf; do you know anything about the wharf at Wolfborough,—how much money was paid for it?

A. I do not know. The Wolfborough road was built by the Wolfborough Corporation, and was accepted by the Eastern Railroad. The Eastern Company have no director in it.

Q. Didn't you keep those books?

A. We had no books; the road came into our possession after it was built; I think, in August, 1874.

Q. Didn't the accounts show what the road cost?

A. They show what the Eastern road advanced to the road, but not the cost.

Q. You say that the town of Wolfborough paid you some money; can you tell what?

A. If they paid anything, they paid it to the Wolfborough Corporation, and before it came into the possession of the Eastern Railroad. It is only within a very few days I learned that anything was ever paid by the town of Wolfborough.

Q. This item of the land down here on Causeway Street, of \$68,000,—you thought that it might cost \$10,000,—the president puts it down as \$69,000; do you know what that \$69,000 item is?

A. The \$68,000 he puts down, as the amount the company paid for what he considered the difference from what he estimated the value of it. For instance, the company paid \$105,000, and the president's valuation would be \$68,000 less.

Q. I want to see where any money for looking up these titles is put down,—where it went in?

A. It is under land and land-damage.

Q. In the cost of the construction of the road, such things you put in the construction account?

A. Yes, sir.

Q. There is no way to get at who had the money?

A. I think the books will show just what was paid for legal counsel, etc.

Q. I would like to have it given in. Do you state on your books what it cost to get the charter in New Hampshire,—the legal expenses in getting the charter of the Conway road, and the extension of the Wolfborough Branch? Can you tell what you sent up there to pay the New Hampshire legislature in June?

A. I can tell you what was paid for legal services; yes, sir.

Q. Can you tell now?

A. No, sir; not without going to the office.

Q. Will you make a note of that thing Mr. Thomas seems to be interested about,—Judge Rice's legal services? I want to know what they paid some other folks.

Q. (By Mr. HAYNES.) Can you give the items of expense connected with the lands taken two or three years ago of the Boston & Maine Railroad, on Causeway Street?

A. I think I can.

Q. I would like to have them brought here, so that we can make up the expense of it. I am asking in regard to a piece of land taken from the Boston & Maine for freight use.

A. Yes, sir.

TESTIMONY OF MR. EDWARD D. ADAMS.

Q. (By Mr. THOMAS.) What is your occupation, Mr. Adams?

A. Banking—of the firm of Richardson, Hill & Co.

Q. Of whom is it composed?

A. Spencer W. Richardson, William H. Hill, Jr., and Edward D. Adams.

Q. Whether you were a member of the firm a year since?

A. Since its organization.

Q. How long is that?

A. Six years.

Q. Have you, as bankers, had the disposal of notes or bonds of the Eastern Railroad, or the Portland, Saco & Portsmouth Railroad, or any of the roads with which the Eastern is connected?

A. We never have, for the company; we have dealt in them; bought and sold them.

Q. Now, what was the first transaction in bonds which you had with the Eastern Company, if you recollect?

A. The first transaction in bonds was this two million loan that is referred to.

Q. When were you first spoken to about that loan?

A. The thirty-first of December, 1874, was the first conference that my senior partner and myself had with the committee from the Eastern road.

Q. Who composed that committee?

A. Mr. Wooldredge, Mr. Hooper, and Mr. Haven; subsequently, Mr. Wooldredge and Mr. Hooper only.

Q. At the first interview, there were present Mr. Wooldredge, Mr. Hooper, and Mr. Haven?

A. Yes, sir.

Q. And then, afterwards, Mr. Wooldredge and Mr. Hooper only?

A. Yes, sir.

Q. What was it expressed you were desired to do?

A. Prior to that time, Mr. Richardson received word from Mr. Hooper that they desired to confer with him at the office of the president of the Merchants' Bank, and he attended that conference, and reported, on his return to our office, that the Eastern road desired to negotiate a loan of from one to two millions of dollars, and desired to call our attention to he fact, and enlist our coöperation in some way. That was the statement,

as then made. I went with my partner on the thirty-first of December, and the matter was talked over at that time; some general statements were made as to the condition of the company, the desirability and profit they offered on the loan; they said they had been negotiating with other parties, but had made no arrangement, and desired us to look into the matter. At that time it was concluded that we would look into the matter, but before doing so, we desired that they would stop all negotiations with other parties, until we were satisfied ourselves that we would or would not undertake the loan.

Q. There had been other negotiations, then, with other parties?

A. Yes, sir, with Blake, Brothers & Co. They made an examination, and offered to take the loan at a price which was not satisfactory. There were also negotiations with the Barings.

Q. Who is their agent here?

A. Mr. Ward,—Mr. Samuel G. Ward. I understood the president to say, that he had also made negotiations in New York, and intimations were given of the price at which the loan could be taken there.

Q. Whether the president, or Mr. Hooper or Mr. Haven disclosed to you the propositions which had been made by others?

A. No, sir; that has been subsequently discovered.

Q. They didn't inform you what offers they had had elsewhere?

A. No, sir.

Q. Did you make a written contract with Mr. Hooper and Mr. Wool-dredge?

A. At that time?

Q. Yes, sir.

A. No, sir. At that time, in order to prevent their negotiating with other parties, and to allow us time to examine into it,—so, if we wanted it, we could take it, they said, if we would advance them \$50,000, they would agree to stop all further negotiations.

Q. Who said it?

A. Some of the gentlemen present Either Mr. Hooper or Mr. Wool-dredge.

Q. It was not Mr. Haven?

A. No, sir; we made the arrangement, and on the first of January that \$50,000 was advanced to the road.

Q. In 1875?

A. Yes, sir.

Q. To whom was it paid?

A. To the Eastern Railroad.

Q. Whom did you pay it to?

A. We paid it to the treasurer of the Eastern Railroad—to Mr. Parker. All our money dealings were with Mr. Parker.

Q. What did he bring you for the \$50,000?

A. We took a note signed by him,—a four months note.

Q. That is the first money transaction?

A. We had previous money transactions. You asked in regard to bonds. We had loaned them money, from time to time, in the preceding two years; we had discounted their notes.

- Q. At what rate did you let them have the \$50,000 ?
- A. I think it was 7 per cent. ; it was a nominal rate, at the time.
- Q. Did they put up anything ?
- A. Yes, sir ; they did. We took collateral, in the shape of the same amount of ten-year notes.
- Q. Took \$50,000 of their ten-year notes as collateral, so that you had their notes and their bonds ?
- A. They were coupon-notes, called bonds.
- Q. You had no other security than the promise of the Eastern Railroad ?
- A. Only a nominal collateral.
- Q. Then you discounted \$50,000 at 7 per cent., and paid the money to Mr. Parker ?
- A. Yes, sir.
- Q. What was the next proceeding ?
- A. The next written transaction was, I think, after we had signed the contract that has already been referred to by the treasurer,—the one on file.
- Q. Can you tell me when that was signed ?
- A. About January 20, 1875.
- Q. That was the contract by which you agreed to take the whole ?
- A. We agreed to take, absolutely, \$750,000 of the bonds, at 85, and prior to their execution we were to advance the road sums of money,—I think it was about \$125,000,—and give it as often as the notes of the road required it. I think they did not call for the full amount, and sometimes it ran over. The treasurer would come in to us and say, "I want so much money," and we would give it to them.
- Q. One hundred and twenty-five thousand dollars before the bonds were delivered, as they call them ; what was the difficulty about delivering the bonds ?
- A. They hadn't been executed.
- Q. How long before they were ?
- A. They were being engraved, and I think it took about eight weeks to prepare them ; engravers are very dilatory.
- Q. Then the delay was caused by the engraving ?
- A. Yes, sir.
- Q. By this contract, did you agree to pay them \$2,000,000 ?
- A. One hundred and fifty thousand, and to furnish the money from time to time ; and we had the option to take the balance whenever we saw fit, prior to September ; then we were to notify the company of the fact.
- Q. That you took the \$2,000,000 ?
- A. Yes, sir.
- Q. And that was at eighty ?
- A. No, sir ; at eighty-five ; all at the same price.
- Q. Well, what did you do afterwards ?
- A. We made this contract, and the contract compelled a certain vote to be passed by the board, and that the company should make their official statement as to their condition, because it was on the statement of the

company we had undertaken to loan the money; and as soon as the bonds were executed, the loan was legal, and all the various steps had to be taken.

Q. You had that matter investigated?

A. All; thoroughly.

Q. By whom?

A. On the part of the road by their counsel, Hon. Charles Levi Woodbury; on our part, by Mr. Russell.

Q. You advanced \$125,000; what did you do afterwards? The option—

A. We availed ourselves of the option. As the company wanted money during the spring and summer, they called on us, although we were not bound to furnish it until September as we did, as they called for it.

Q. When did you furnish the loan?

A. The balance was furnished in September.

Q. All furnished?

A. Yes, sir.

Q. How much did you furnish in all?

A. One million seven hundred thousand dollars.

Q. Just that, or was there something about interest?

A. Of course there was interest all the time.

Q. What rate of interest?

A. Seven per cent.

Q. Then you paid to Mr. Parker, on account of these bonds, \$1,700,000?

A. Yes, sir.

Q. Meanwhile, you were disposing of these bonds?

A. Yes, sir.

Q. And did you dispose of them in this market?

A. Largely; a great many were sold in New York, in Rhode Island, and some in Maryland, some in Philadelphia, and all through New England.

Q. I suppose you had sold a part of the \$725,000 before you took the rest?

A. We sold them all before we had taken them.

Q. What did you get for them?

A. We got different prices; some as high as 94, and down. There was quite a variety of prices.

Q. Some as high as 94; when did you sell for 94?

A. In March, 1875,

Q. Was that the highest?

A. Yes, sir; very few at that price.

Q. Where did you sell them?

A. In Boston.

Q. Were they sold at the brokers' board?

A. No, sir; by private negotiations.

Q. What did the rest sell for?

A. At various prices; I think the average price was a fraction over 90.

Q. Of the two millions?

- A. Yes, sir.
- Q. Well, how late did you sell any of them; you sold them all, by the first of September?
- A. O, yes, sir.
- Q. How late in the year.
- A. From that time we dealt in the bonds, right along. If anybody had them to sell, we took them; and if anybody wanted to buy, we sold them.
- Q. Instead of selling two millions, between the time you took them and September, you sold a great many more?
- A. Yes, sir; we must have sold two and a half millions.
- Q. Can you give us the highest prices?
- A. Ninety-four was the highest.
- Q. By September you had sold them all; in August, what did you sell them for?
- A. I don't recollect.
- Q. What in July?
- A. I think, in July, they were sold about 90.
- Q. These same bonds?
- A. Yes, sir; these same bonds.
- Q. Did you sell any of them to any of the directors?
- A. We did?
- Q. To whom?
- A. Fifty to Mr. John Cummings, and 100 to Mr. John Wooldredge.
- Q. When did you sell them?
- A. We sold to Mr. Cummings, March 1, 1875; we sold some others to Mr. Cummings.
- Q. How many, in all, did you sell Mr. Cummings?
- A. I think it was nearly 100 in all; it might have been 80; there were several transactions?
- Q. What did you sell them to Mr. Cummings for?
- A. There was one sale at 90 of 50, and the others were sold above 90.
- Q. And that was about March?
- A. The first transaction was March 1, 1875.
- Q. When did you sell to Mr. Wooldredge?
- A. Before we offered the bonds publicly. We offered the bonds publicly February 18; I think it was about February 16 we sold to Mr. Wooldredge.
- Q. They had come into your possession as early as when?
- A. I can't recollect the date when the bonds were delivered. There was a promissory scrip first issued, which was exchangeable for bonds at the company's office.
- Q. You say you disposed of them publicly; what does that imply?
- A. I mean we advertised the bonds for sale.
- Q. Before you had sold them?
- A. No, sir; we had sold this 100 to Mr. Wooldredge.
- Q. What for?
- A. For 85.
- Q. When were they sold?

A. About February 15 or 16; I can't fix the date exactly, as they were not delivered until the middle of March.

Q. They were sold to Mr. Wooldredge before they were put upon the market?

A. Yes, sir.

Q. Mr. Cummings' were at 90?

A. Yes, sir.

Q. And that was, what day?

A. March 1.

Q. What was Mr. Wooldredge's date?

A. The middle of February; I cannot fix the date; it was just at the time when we had decided to take all the bonds.

Q. You completed the sale; do you remember the last sale you made?

A. No, sir, I can hardly, just now; but we had sold, up to that time, about two and a half millions.

Q. What other sales were there between the time they came into your hands and the sale to Mr. Cummings, besides those to Mr. Wooldredge, for 85?

A. I don't recollect.

Q. Don't you know?

A. We were dealing in other bonds at the time, but according to my memory we made no sale, except of three bonds of a previous issue.

Q. What for?

A. For 92 or 93.

Q. Were they for a longer time?

A. About the same time; they were issued a year or two previous.

Q. But they were at the same rate of interest?

A. Yes, sir.

Q. Can you give any reason why bonds of the same value, before the company made their arrangement to pay this debt, were offered at 88 and 89, without buyers, and the moment it was known the company had made this arrangement, they advanced?

A. You had provided for a large amount of maturing obligations in January and February, and the bonds jumped up and advanced to 93 or 94.

Q. Now, when the bonds advanced or "jumped up," was that not true of both classes of bonds?

A. No, sir.

Q. Do you know of any reason why the real value of one bond,—say the sinking-fund bond,—should not be the same as the other?

A. There is that difference, that there were two millions of one kind on the market, and perhaps only a few straggling ones of the other kind, and the market price is regulated by the supply and demand.

Q. And so, when these two millions were on the market, the other bonds dropped down, for those who didn't know their value?

A. Yes, sir.

Q. Then, to the informed or the misinformed it would be different?

A. Yes, sir.

- Q. Now, who else of the directors did you sell to?
A. None of the directors, that I know of.
Q. Whose hands did they go into?
A. I do not know; I could not say; but none of the directors had them.
Q. Did you sell any to Mr. Haven?
A. No, sir. We tried to; we asked him to buy, but he didn't.
Q. Asked him to buy, any different from John Brown, or anybody else?
A. No, sir.
Q. Did you sell any to Mr. Williams?
A. Not that I know of.
Q. Did Mr. Hooper take any?
A. No, sir.
Q. Ever have any conversation with Mr. Hooper?
A. A great deal.
Q. Did Mr. Lothrop take any?
A. He was abroad at the time.
Q. You made a pretty good thing out of this?
A. Do you think so?
Q. Don't understand me as speaking offensively; I mean simply to imply that there was a large profit.
A. There was a great risk, sir.
Q. Yes; but there was a large profit.
A. I didn't say so.
Q. But you bought them at 85, and sold them for 93?
A. I said the average price was about 90.
Q. That was gross?
A. Yes, sir.
Q. Well, you speak of the gross.
A. Then there was the interest to be taken out,—the expenses of the negotiation.
Q. The expense of the negotiation—was there anything out of the ordinary course?
A. There was the advertising, printing, the commissions of brokers, etc.
Q. You said you sold some in New York?
A. Yes, sir.
Q. And you disposed of them all; I think you said that you have none of them now?
A. Yes, sir.
Q. Of these expenses, did you or not disburse or pay out any money to any body connected with the Eastern Railroad?
A. We did not, in any manner, shape or fashion; neither have we promised to; or have we any understanding, or anything implied, of the kind. It was just as clear and distinct from the Eastern road as any transaction you might make with the Eastern road.
Q. Nor with any officer?
A. Nor with any officer.

Q. Or anybody that favored the company, from the Eastern road ?

A. No, sir.

Q. Will you explain how you sold them to Mr. Wooldredge so low ?

A. It was in this wise : The transaction was quite large ; the precautions to be taken, in our judgment, numerous ; and, after taking every possible precaution,—by investigating their accounts to the best of our ability ; by conference with the railroad commissioners ; by inquiring of the enemies of the road, as well as its friends—

Q. What do you mean by “ the enemies of the road ” ?

A. Those opposed to it, in its management.

Q. I do not know as I comprehend about the enemies of the road.

A. We thought, by inquiring of the enemies of the road, we could ascertain the dark side of the matter.

Q. Who were the enemies of the road ?

A. These were the stockholders of the Boston & Maine Railroad.

Q. So you went to them ?

A. We used every precaution. We had the certificates of our attorneys as to their examination of the records, etc., and then we required the company to have a vote as to the limitation of the debt. I desired it to be limited to twelve millions, and finally it was voted upon by the stockholders.

Q. Then it was perhaps, at your suggestion, that that vote was passed at the annual meeting, held February 1 ?

A. That vote was drawn up by Mr. Russell, and it was presented and adopted.

Q. Were you aware that these bonds would make the debt more than that ?

A. We concluded that that would leave about half a million of bonds that could be issued. I was taking all the precautions we could take, and we required certain things to be done by the company ; and then, as the last thing, we offered the bonds to the public. Mr. Hooper, at that time, had urged the matter, but the subsequent negotiations had been with Mr. Wooldredge, and I thought, as he had spoken so strongly regarding the enterprise, and had, as it were, presented his views in such a way as to close the contract, we thought we would test his belief in the matter, and therefore, just at the time we decided, I asked him if he wanted to buy a hundred thousand dollars' worth of these bonds at 85, and he said he would, after some hesitation. It was a precautionary reason ; if he had declined to buy, we would not have had faith in what he told us. We had then only agreed to take \$750,000.

Q. Of course he paid you for it ?

A. Yes, sir.

Q. Paid you his check ?

A. Yes, sir ; for \$100,000.

Q. Who did you inquire of, connected with the Maine Railroad ?

A. Of one or two of the directors ; I don't know as I made inquiries of the directors ; my partner, Mr. Richardson, may have ; we were in the habit of meeting large stockholders of the road.

Q. Then, I infer you had in mind who were friendly ; or, at least, you knew who were unfriendly ?

A. Yes, sir.

Q. I suppose you knew there was a rivalry between the Boston & Maine and the Eastern roads ?

A. Yes, sir ; one of our precautions was to take every possible step we could to find out the relations of the two roads.

Q. Since you finished the loan, you have had no transactions with the road ?

A. We paid the coupons last November ; they furnished us the money to do it with.

Q. Who gave you the money ?

A. Mr. Parker.

Q. What did they give you to pay them with ?

A. A check.

Q. Did the road pay you any commission for paying these coupons ?

A. None at all.

Q. Did you ever have any Portland, Saco & Portsmouth bonds ?

A. Yes, sir.

Q. Sell any of them ?

A. Yes, sir.

Q. When did you sell them ?

A. At various times in the past two years.

Q. At what rate did you sell them ?

A. At the current rates.

Q. What were the current rates ?

A. At about 80 to 82 ; whatever the rates were. I haven't the price fixed in my mind.

Q. I see, in 1873, they were \$5,000, at 100 $\frac{1}{2}$ —that is in April, 1873 ; February 12, \$5,000 at \$100 ; April 2, \$3,000 at 98 $\frac{1}{2}$; June 25, \$4,000 at 98 $\frac{1}{2}$; May 6, at 90 ; May 9, at 90 ; May 27, at 89 $\frac{1}{2}$. Were these about the prices, as you remember ?

A. I judge so.

Q. Whether or not there was any difficulty in disposing of them at these rates ?

A. Yes, sir, there was.

Q. When I say a difficulty, perhaps I should explain. I mean whether they could be sold at about that ?

A. They were always a very difficult bond to negotiate, in the market, or by paying a commission.

Q. Was there really any great difficulty about it ?

A. Yes, sir.

Q. Did you ever present them at the brokers' board ?

A. Yes, sir.

Q. Were they dealt in by brokers, so as to fix the prices ?

A. Yes, sir ; but the few sales indicate that but very few bonds changed hands.

Q. They were difficult bonds, and only a few changed hands. Now, what was the difficulty about them ? Is it a fact that guaranteed bonds—

guaranteed by a good railroad—sell for less than the bonds of the road itself?

A. Always. Take the instance of the Saginaw & Michigan road, which were guaranteed by the Michigan Central; the first sold for less than the Michigan Central. When the bonds of the Saginaw, Lansing & Michigan were selling at 75, the Michigan Central was selling for 85 to 90.

Cross-Examination.

Q. (By Mr. SHATTUCK.) When the directors of the Eastern Railroad, or the committee, first began to negotiate with you with reference to this \$2,000,000 loan, what was the condition of the credit of the Eastern Railroad in the market?

A. It was such that they didn't know where they were going to get money to pay notes, maturing the following day or the following week.

Q. They did not? How was it in the market? I am simply asking. That shows what they know about it; but how did their bonds sell?

A. Their bonds were at a discount.

Q. How much discount?

A. From ten to twenty per cent., at that time.

Q. From ten to twenty per cent.?

A. Yes.

Q. What were other bonds, similar to these, sold in the market at?

A. Seven per cent.—ten-year bonds, notes. We bought some at 88.

Q. You bought them at 88.

A. Yes.

Q. Whether there was any sale at that time, even in small quantities, at 88?

A. Only in small quantities.

Q. Supposing you had put \$50,000 of these bonds on the market, what effect would it have had?

A. It would have carried them down to 80, in my judgment.

Q. That was the state of the market when they came to you? Now will you state, in detail, what investigation you made before you decided to take these at 85; how much time you spent examining their books?

A. Spent about all the time, from the first of January to the— In fact, the whole month of January was spent on this examination.

Q. The whole month of January. Where was it spent?

A. It was spent in Boston, partly; and partly in New York, in connection with Mr. Hooper.

Q. How much time did you spend with Mr. Hooper, in New York, investigating?

A. I think I was in New York, with Mr. Hooper, stopping at the same hotel with him, for four or five days.

Q. How much time did you spend in the office examining the accounts of the Eastern Railroad?

A. That is difficult to state, because I went there frequently, and I would not be able to state how often.

Q. Did you make a thorough examination? Were you there days?

A. O, yes, sir. I went there a good many times. I went, usually, in

the afternoon, and remained two or three hours with Mr. Parker and Mr. Wooldredge.

Q. You have stated that you went to the railroad commissioners' office. Will you state what you did there, and what information you got, and whom you saw?

A. I think it was about the middle of January. While pursuing the investigations, it occurred to me that the railroad commissioners were the headquarters for the sworn statements of the facts, and I had been unable to get a copy of the statement the company made of their standing, on September 30, the date provided by the state law; and I therefore went to the railroad commissioners, and introduced myself to one of them,—Mr. Johnson, I think. I inquired of him,—I told him in the first place who I was; that I wished to inquire in regard to the affairs of the Eastern Railroad, and told him my reasons; that we had loaned them money somewhat in times past,—not any very large amount,—but that they now desired to borrow a very much larger amount, and as they were the recognized headquarters of such information, I came to them to learn, in the first place, if their sworn returns had been received, and if so, to obtain a copy of them. After considerable reluctance on his part, I obtained a proof-sheet of the printed report that was published about a month later, upon the promise to him that it should not be publicly shown. I went over that sheet with him,—a few of the principal items,—and inquired particularly if there was anything in his knowledge that would give the idea to him that that statement was not true; and if there was anything regarding that statement that was not as it should be,—giving my reasons for making such inquiries. And he assured me that there was nothing whatever in his knowledge.

Q. Did you put the question any more directly, Mr. Adams, as to whether there was any reason why you should not loan money?

A. I can't recall the exact conversation. That was the general drift of it.

Q. And after making this investigation, you decided to make the contract?

A. We did, sir.

Q. Now, I want to know whether, before that contract was made,—state whether anything was said, directly or indirectly, by the Eastern Railroad directors, or any one in their behalf, about purchasing any of the bonds?

A. Not one word, sir, by any of them.

Q. Will you state again why you went to Mr. Wooldredge and made that offer to him?

A. He had been so enthusiastic in regard to the future prospects of the road, and had stated all the inducements so strongly to us, to induce us to make this contract, we thought we would test his faith by offering him a hundred of the bonds. We could very well afford to do that, in order to have that evidence, at least, that he believed what he told us.

Q. Were there any others sold at 85?

A. I think not, sir. There may have been some to some personal friends, afterwards.

Q. In selling these bonds, what was it necessary for you to do, and what did you do, for the purpose of keeping up the market price?

A. Let me state, in a general way, that the contract with Mr. Wooldredge provided, as much as anything else, for sustaining the credit of the company, and when we had agreed to furnish him with these several sums of money, we requested him to bring us a statement of the banks in the city where he had a floating debt, and the date of maturing; and there were certain banks where, we told him, it would be for his credit to retire that from the bank and not renew it. Wherever we ascertained people were questioning about the credit, we furnished the money, and that loan was retired, so as to help the credit. That arrangement with Mr. Wooldredge provided, that if we availed of our option and took all the bonds,—the \$2,000,000,—that the company should not sell any bonds for six months, after the first of last September. The contract expired last March. That was promised, and led to this vote of limitation to twelve and a half millions,—providing for half a million, additional, of bonds,—and our expectation was to enhance the credit of the company, so they could sell the stock at par.

Q. How much money did you put out, in order to keep up the credit of the company?

A. I could not say.

Q. Was it a large amount?

A. It was several hundred thousand dollars.

Q. Did you have any compensation for doing that?

A. None whatever.

Q. Whether you bought any bonds that were offered in the market, in order to prevent the price going down, or not?

A. I don't know as we did, for that reason. At the moment we had become interested in the restoration of the credit of the Eastern Railroad, we at once became purchasers. If any one came to us frightened, and wanted to sell, we were ready to buy them.

Q. And you were always ready yourself to buy, during the whole time you were dealing?

A. Yes.

Q. And at market rates?

A. Yes; sometimes less than the market rates, from Mr. Cummings.

Q. What time was that?

A. I think in May or June.

Q. Of 1875?

A. Yes.

Q. How many bonds did you buy, while you were disposing of this \$2,000,000 loan, to help the credit?

A. I presume we bought half a million.

Q. You bought them in addition?

A. Yes.

Q. And did you sell these?

A. Yes. We dealt in them every day, more or less.

Q. Have you carried these bonds for other parties?

A. We have them now.

Q. When you were selling these bonds to other parties, did you carry them for them?

A. We loaned money, in several lots of \$100,000, to parties who subscribed for them.

Q. How many, who purchased from you, did you raise money for, and to what extent?

A. In a general way, I should say there were five or six parties that we loaned money to on the bonds as collateral, perhaps to an amount of \$250,000.

Q. Are you carrying any of these bonds now, for parties?

A. We are.

Q. Have you been able to take them up?

A. No, sir; we have had them as collaterals, and the loan has not been paid; we have some now that were bought last March, and have not yet been paid for, and they have offered additional collateral to us.

Q. Did any of the directors apply to you, after the contract was made, to buy bonds?

A. Yes.

Q. Who?

A. I think it was about the twentieth of February, Mr. Wooldredge came to me one day, and said that he had just come from an interview with Mr. Cummings.

Q. Mr. Cummings was not then a director?

A. Yes, he was a director then,—elected the first of February; he was the new director; he said he had the particular request of Mr. Cummings for fifty or one hundred thousand of the bonds, at the price we paid for them; I told Mr. Wooldredge that it was impossible to sell them at any such price. Well, he said, he had come to present the plea, and went away. A few days after, perhaps a week after, he returned again, and said Mr. Cummings had been to see him again, and greatly desired to get some of those bonds.

Q. (By Mr. THOMAS.) At 85?

A. This second time he asked to have them for 87½, but we declined to allow it; and then Mr. Cummings came himself and suggested—I can't recollect his exact words; I had some conversation, and he made the remark something like this: "You know I voted for that contract, and you ought to let me have those bonds at less than 90"; but we declined to do so, and about March 1, he came in and bought fifty bonds at 90, at the same time protesting against paying such a price for them.

Q. (By Mr. THOMAS.) What was the market price at that time?

A. It was about 91. Ninety odd.

Q. It was about 90?

A. Just a little above 90.

Q. (By Mr. SHATTUCK.) Did any other director call on you?

A. Mr. Bates, I think, called on me, but made no suggestion whatever as to desiring the bonds at market price, but simply inquired as to what our arrangements were for selling the two millions of bonds. That was before we had told any one what arrangement we intended to make.

But he never suggested he wanted any bonds at the cost price, or anything of the kind.

Q. (By Mr. THOMAS.) You mean he didn't ask any favor; that is it?

A. None whatever.

Q. (By Mr. SHATTUCK.) Do you know what the regular commission for the Barings was upon these last issues?

A. They didn't buy any of the bonds outright. The company took the entire risk for their sale; the Barings may have advanced \$300,000 at different times. They have received two and a half per cent. commission on the sale, a quarter per cent. brokerage, half per cent. commission on the payment of the coupons for twenty years, and a half per cent. on the payment of the principal.

Q. That would make it about four per cent.?

A. Then the sinking fund provided that the company should remit money to the Barings, for them to invest that money in the bonds, at their option, once a year.

Q. (By Mr. THOMAS.) Then, you understand it, the Barings never bought a dollar?

A. And the expenses were all chargeable to the Eastern Railroad Company. In our negotiation we bear all the expenses ourselves, every dollar of it, except the examination by the attorney.

Q. The Barings, then, had them for sale?

A. Yes, they sold them on commission for the company. Our purchase was an outright purchase.

Q. (By Mr. SHATTUCK.) You said you had ascertained what the other parties offered to take these bonds for?

A. I have since ascertained that Blake Brothers & Co. were approached in this negotiation, and they sent one of their house to make an examination of the accounts of the Eastern Railroad Company.

Q. (By Mr. THOMAS.) Inasmuch as I understand that was done by a witness whom I shall call, had not that witness better state what this one can only know by hearsay. I think it will be better to wait till that time.

Mr. SHATTUCK. Very well.

Q. (By Mr. OSGOOD.) A single question, then, Mr. Adams. In the last report of the railway commissioners, they say: "The last negotiation of two million 7 per cent. securities, known as sinking-fund notes which were placed on the market at 90 or more, and brought into the treasury of the corporation but 85 per cent. of their value, also calls for investigation. It is wholly improbable that a firm of brokers was allowed to realize so large a sum as \$100,000 upon so simple a financial operation as the sale of two millions of the securities of a corporation, the credit of which at the time was not seriously impaired." That loan of two millions, if I understand you, was the loan that you negotiated?

A. It was.

Q. Did you realize that sum of \$100,000 that the commissioners say?

A. The commissioners don't know the circumstances under which the loan was placed. It was not a sale for the company, on commission. It was an actual purchase outright.

Q. (By Mr. THOMAS.) You didn't take it, then, as a broker; but, as a bank, purchased?

A. Yes. As a bank we bought the bonds, and agreed upon the price; and we agreed to furnish them the money on the delivery of the bonds. It is their misapprehension of the terms of the sale, with all due respect to them.

Q. (By Mr. OSGOOD.) I want to be sure I understand your answer. You said that Mr. Cummings told you he thought he should have some of the bonds, because he voted for the contract?

A. Yes; because he didn't oppose the contract, or something of that kind.

Q. Because he didn't oppose the contract?

A. I don't remember which it was. It was either stated affirmatively or negatively.

Q. It might make a difference as to whether he said he "voted for it," or "didn't oppose it."

A. I can't recall his exact words. He voted for it, or allowed it to pass, or some such expression.

Q. And you refused him, I understand you?

A. Yes.

Q. And then he asked you to let him have them at 87?

A. That was through Mr. Wooldredge?

Q. What did you finally sell them to him for?

A. At ninety.

Q. And you said that Mr. Cummings sold you some of the bonds at a reduction; why did he sell them to you?

A. He didn't sell them to us, directly. We, of course, keep a record of all the numbers of the bonds, and knew what numbers we delivered to him. The market price of the bonds at the time I speak of—in May or June—was about 92, and they were very strong and in demand, and we sold over the counter at 92½. One day a broker came to us and said he had got some bonds of the company to sell. After a little inquiry, we found he was very anxious to sell, and intimated that if he was so very anxious, perhaps 90 would satisfy him. Whereupon he sold them to us, very much to our surprise.

Q. (By Mr. THOMAS.) What year was that?

A. Eighteen hundred and seventy-five. I think it was about 90, and when the bonds were delivered to us, we found that they were the bonds delivered to Mr. Cummings.

Q. (By Mr. THOMAS.) Same you had sold him?

A. Yes. And subsequently, it came out that he went into an adjoining banker's office, and, as I understood at the time, he threw down these bonds, and said, "What will you give me for these?" They made some offer, and he sold them outright; and he also, I understand, sold his stock at that time; and that broke the market for the bonds.

Q. (By Mr. OSGOOD.) He was in the board of direction at that time? Do you remember whether that was before or after he made the report which was printed in the newspapers?

A. That was before, sir.

Q. Just before?

Mr. SHATTUCK. Not just before.

A. It was about the same time.

Q. (By Mr. OSGOOD.) How long before?

A. When was the report published?

Q. I mean the report published in the "Herald"?

Mr. THOMAS. Printed in the "Traveller," I think.

Q. (By Mr. OSGOOD.) It was that exposé of the inside management of the road that Mr. Cummings made?

A. I think that that was some time after. He requested that a different committee than the usual committee of the road should be appointed to examine its affairs, and the sale was made before he presented his report.

Q. (By Mr. THOMAS.) He made the sale then, which you say broke down the market, and then,—after he had got rid of his stock and his bonds,—then he made this report. That is the way you understand it?

A. As I understand it, after he sold out, then, in the board of direction, he requested the special committee should be appointed to investigate.

Q. After he had sold out?

A. That is as I understand it.

Q. What I want to know is, whether or not that is the only transaction of bonds you had with Mr. Cummings—about these bonds?

A. Yes; that is the only thing we had, in this particular loan.

Q. You spoke of his having gone into the office of a broker, and throwing them down, and saying, "What will you give me for that parcel?" Did you buy the bonds?

A. He didn't do it in our office.

Q. This other broker, in whose office he threw the bonds down, didn't buy them?

A. That I don't know.

Q. (By the CHAIRMAN.) Wasn't that a bank, where he threw it down?

A. That I can't say; a banker's office, perhaps, who dealt in bonds. We bought them of a broker.

Q. (By Mr. THOMAS.) A single question here. Did these commissioners, or either of them,—you say you went to one of them, Mr. Johnson,—did you give him to understand you were merely a broker?

A. I told him my name, of the firm of Richardson, Hill & Co., and then said that we had been in the habit of loaning money to the Eastern Railroad from time to time, and they now desired to borrow a much larger sum.

Q. You see the distinction here, that has been suggested to you by one of the Committee. They give the public to understand that you are mere brokers in this transaction, while you were really purchasers?

A. Yes.

Q. I want you to state whether you gave Mr. Johnson to understand whether you were mere brokers, or purchasers.

A. I said nothing to him about bonds; I spoke to him about lending money to the company.

Q. Did any one of these commissioners ever make any inquiry of you?

A. No, sir.

Q. You see they speak in their report of the vote of limitation: "As late as January, 1875,"—even at the last moment, when the bankruptcy of the corporation was inevitable, Mr. Wooldredge seems to have no realizing sense of the fact,—“as late as January, 1875, on account of the increased difficulty in effecting loans, he had procured the passage of a vote, by the board of directors, limiting the amount of bonds and coupon-notes of the company, issued and to be issued, to the sum of \$12,500,000, although at that very time its total indebtedness could hardly have been less than \$14,000,000.” That is the vote you referred to, I suppose?

A. Yes; if that had not been passed, he would not have got the money from us.

Q. (By the CHAIRMAN.) You don't regard it as strange, do you, Mr. Adams, that a person buys stock and then gets sick of his bargain, and unloads as quick as he can?

A. O no, sir; not at all.

Q. That is an every day proceeding, isn't it?

A. That is often so.

Q. (By Mr. THOMAS.) Do you recollect the date of the repurchase of these bonds by you, sir, from Mr. Cummings?

A. I think I can ascertain, sir; I can't recall it.

Q. If you can, send us the date of the sale and the date of the repurchase?

A. I will, sir.

Q. (By the CHAIRMAN.) You said that, before you bought these bonds, you or your company made a thorough examination of the books, didn't you, of the Eastern Railroad?

A. No, sir. The books were not posted up, so we could not get the last statements; but they furnished us with trial-balances, and these we went over, item by item, seeking all the light on the subject we could gleam.

Q. No examination of the books?

A. No, sir; the books were not in a condition we could examine them.

Q. Didn't examine the records of the company at all?

A. That was done by our attorney, sir?

Q. And everything was pronounced straight, regular and correct?

A. That was the certificate we received from W. G. Russell, our attorney.

Q. No irregularity?

A. None whatever. I have that certificate here, if you would like to see it.

Q. (By Mr. HEYWOOD.) Mr. Adams, have you the contract with you, you had made?

A. Yes, I understand a duplicate of it is made.

Q. (By Mr. SHATTUCK.) I should like to have it understood, that at the time Mr. Cummings tried to buy these bonds you owned them absolutely?

A. Yes, sir.

Q. Of course the Eastern Railroad had no control over them—nothing to say about their price, in any way?

A. No, sir.

Q. (By Mr. HEYWOOD.) Mr. Adams, did you aid Mr. Cummings, or Mr. Wooldredge, or either, or both of them, to carry the bonds?

A. No, sir; they both paid cash for them. There was no understanding with Mr. Cummings or with Mr. Wooldredge. There was an agreement on his part, at the time we made the sale to him, that he would not sell these bonds in the market till after the first of September.

Q. The point is, whether you loaned them, and took the bonds as collateral?

A. Not a cent, sir.

Q. (By Mr. SHATTUCK.) You say the agreement with Mr. Wooldredge was that he was not to interfere with the market?

A. Yes; that he was not to interfere with the market, by selling the bonds.

[The following opinion of W. G. Russell, the attorney of Richardson, Hill & Co., was put in:—]

“BOSTON, February 15, 1875.

“Messes. RICHARDSON, HILL & Co.:

“GENTLEMEN:—Having examined the proposed form for the \$2,000,000 issue of securities of the Eastern Railroad Company, and the original record of the votes of the directors and corporation relating to the same, as well as the attested copies of such votes, furnished by the clerk, I am of the opinion:

“1. That such votes were duly passed, and are in proper form; and that they authorize the issue of such securities, in the form, to the amount, and on the terms, proposed.

“2. That such securities are valid in law, and not within any statute prohibition of the Commonwealth.

“3. That they are, in all respects, on an equal footing with the bonds and coupon-notes heretofore issued by the corporation.

“Yours truly,

W. G. RUSSELL.”

TESTIMONY OF FRANKLIN HAVEN, OF BOSTON.

Q. (By Mr. THOMAS.) Mr. Haven, when were you first made a director of the Eastern Railroad Company?

A. I think it was in 1858 or 1859.

Q. You were a large stockholder, at that time, in the company?

A. No, sir.

Q. How many shares did you hold, as nearly as you can recollect?

A. I have no recollection of the number; but I don't think they exceeded fifty.

Q. How many do you now hold?

A. I have not held many for several years. I think I have fifteen or twenty only.

Q. Only fifteen or twenty shares?

A. Yes; except I have some in the Great Falls & Conway, which I purchased.

Q. Yes, I will inquire about that by and by. Mr. Haven, what was the first thing you knew about the purchase of any Maine Central Railroad stock by the Eastern Railroad, or for the Eastern Railroad, by some trustee? What is the first thing you knew about it?

A. I think it was in the fall of 1873, when Mr. Parker, treasurer, presented some notes to me, to be approved officially, as a director; we approved the promissory notes of the company. I think I understood from him—possibly I heard of some rumor before—that the notes were issued for the payment of Maine Central Railroad shares. I declined to approve the notes, and to the best of my knowledge I never did approve any note given for the purchase of Maine Central shares.

Q. When you speak of a note, do you mean a promissory note, payable on time by the Eastern Railroad?

A. Promissory note; yes, payable on time.

Q. Do you recollect, now, to whom this note was to be given for the payment of those shares?

A. I think mention was made, at that time, of the name of Mr. Ward; I think the note was to be given to him.

Q. Do you remember the time?

A. No, sir.

Q. Remember the amount of it?

A. I don't think I looked at the note at all.

Q. Notes to be given to Mr. Ward?

A. That is my impression.

Q. You say, in the autumn of 1873?

A. Yes.

Q. Well, previously to that time, had you had any conversation with Mr. Lothrop, the president of the road, about the purchase of this stock?

A. Never had any conversation with him about the purchase of the stock.

Q. Was that matter ever discussed in your presence, at a meeting, or any meeting, of the directors of the Eastern Railroad, up to that time? I am coming, now, up to the time when this was presented to you.

A. No, sir; never came up at any meeting, up to that time.

Q. Were you pretty constant in your attendance at the meetings of the directors?

A. Yes; I was usually at their meetings; was present at quite a majority of the meetings.

Q. And did you, when you didn't happen to be present at a meeting—when you went to the next succeeding meeting, did you turn to the records of the directors to see what had been done in your absence, at the previous meeting?

A. Never did it.

Q. Never did it?

A. No.

Q. Well, hadn't you any knowledge or information that this project of

buying up certain shares in the Maine Central Railroad was on foot, till that bill, or that note, was presented to you?

A. I can't recall any; I certainly had no official knowledge; I had conversations with Mr. Hooper.

Q. Yes.

A. Upon the subject, but he never gave me any particular information.

Q. I speak now of conversations respecting the purchase of Maine Central Railroad stock by your corporation; by your corporation I mean, of course, the Eastern Railroad corporation—call it this for convenience only, Mr. Haven. Had you any conversations with Mr. Hooper about the purchase, that you recollect?

A. I don't think I had any till after this period to which I have referred.

Q. Yes; well, now then, pass to the next information you had about it; the next time you declined to approve the note?

A. After Mr. Wooldredge had become the president—

Q. Pardon me, had you none other while Mr. Lothrop was president?

A. Never had any conversation with Mr. Lothrop that I am aware of; I can't recall any conversation.

Q. Well, did you know that Mr. Parker, your treasurer, had been constituted a trustee to hold this property?

A. No, sir.

Q. Never was informed of that?

A. No.

Q. Well, I will ask you now, to pass on. Did you learn afterwards any reason why he was made a trustee, if he was made one?

A. Never learned it till I have seen it in this testimony.

Q. Never knew it? Never knew there was any trustee about it?

A. No, I never had any reason. I knew that there was an arrangement with the Maine Central, looking to eventual consolidation.

Q. Well, what did you learn, after Mr. Wooldredge was appointed?

A. Mr. Lothrop told me that there was a note of the Eastern Railroad, held by a person—a lawyer—for a large amount.

Q. A lawyer?

A. Yes. Held as a trustee; a note of the Eastern Railroad, secured by Maine Central shares; and that a high rate of interest was being paid on that note.

Q. Well, who was the lawyer, Mr. Haven. You may as well state, now, who was the lawyer who held it?

A. I think Mr. Wooldredge mentioned Mr. Henry W. Paine. That is in my mind.

Q. Held it as trustee?

A. As trustee. For whom, I did not know, nor did I inquire.

Q. Didn't know for whom, and didn't know he held such a note?

A. Didn't know anything about it, till I was told by Mr. Wooldredge. My advice to Mr. Wooldredge was to pay it, because the rate was very high.

Q. What was the rate?

A. It was more than ten per cent. I think, perhaps, more than twelve.

Q. What was the amount of the note?

A. That I don't know; don't know that I inquired.

Q. Nor when it was due?

A. No.

Q. Well, what further conversation did you have with him, if any? You told him the note should be paid?

A. A note outstanding from the Eastern Railroad Company, at such a high rate of interest, I thought was not creditable, and it should be paid.

Q. Can you give the Committee to understand about when that conversation was?

A. I should think it was in the early part,—it was in February of 1874. It was some time in the spring of that year, or in the summer of that year, I called up the matter at the board. I inquired of the president, or of the treasurer, what stock of the Maine Central Railroad Company the Eastern Railroad held, or owned. His reply was that they owned stock, which stood charged upon the books for about \$500,000, but that it had cost considerable more. I don't think I ascertained; I don't think I inquired how many shares there were, or what was the cost, but that was the information I got. I expressed some dissatisfaction, or disapprobation, about having the stock, but all of the directors that expressed any opinion about it, expressed a decided opinion in favor of retaining the stock for the benefit of the Eastern Railroad Company, owing to its arrangements with the Maine Central.

Q. Now, please tell us, as nearly as you remember, who was present at that meeting?

A. Well, I think it was a pretty full meaning; I can't—

Q. Perhaps I can aid you, by calling the names of the directors?

A. I rather think Mr. Lothrop was not there, because I think he had not returned from his journey abroad.

Q. Was Mr. Cummings a director then?

A. No, sir.

Q. Not a director?

A. No.

Q. Was Mr. Bates there?

A. He was not a director.

Q. Was Mr. Williams?

A. Mr. Williams, I think, was present, and Mr. Wooldredge.

Q. Mr. Stevens?

A. Yes, I think he was there; he was a director. I am not certain whether he was present or not.

Q. Mr. Jones there?

A. There was quite a majority of the board present.

Q. Mr. Jones present?

A. It is pretty difficult for me to remember who was present, precisely, or not present.

Q. Now, you have stated the conversation thus far, but I interrupted you to ask who was present; will you now proceed?

A. Well, the opinion of all the directors that were present, was decidedly in favor of retaining the stock for the benefit of the Eastern Railroad; and, as I understand it, the property of the Eastern Railroad.

Q. Anything said about a trustee to hold it, that you remember?

A. No.

Q. Well, do you know how many shares they have held?

A. No, sir.

Q. Did you inquire what it had cost?

A. I had reason to know, from statements made to me by Mr. Hooper, that he held a quantity of the stock as collateral security.

Q. Himself?

A. Himself; in his own name.

Q. In his name?

A. Yes; I only knew that from Mr. Hooper.

Q. When did he get them, as nearly as you know; when did he acquire them?

A. Well, sir, I shall state what I know about it. After the Revere accident, going back to the fall of 1871, the road had occasion for the use of a good deal of money. It had relied, prior to that, upon the sales of its shares, having the right, as they have had, of carrying the capital up to \$8,000,000, and the right to distribute the shares among the stockholders, of course, or sell them at public sale, not exceeding 2,000 shares at a time. This sad accident at Revere, of course, had the effect of reducing the value of the stock in the market. At any rate, it was not deemed expedient to avail of that right,—for the road to avail itself of that right immediately,—so it resorted to large loans. Two hundred thousand dollars were borrowed of the Massachusetts Hospital Life Company, and \$100,000, I recollect, we borrowed of the Salem Savings Bank.

Q. Borrowed by the Eastern Railroad?

A. Borrowed on the note of the Eastern Railroad Company, I think, for a year to run.

Q. Any collateral?

A. The notes were guaranteed by some of the directors.

Q. Yes; well?

A. And on their guarantees,—Mr. Hooper being one,—the money was obtained. Then, security was to be given to these guarantors, for the liability they had assumed, and it was understood—Mr Browne was then president—that the notes should be paid by the sale of the shares, when they were sold.

Q. When the fit time came?

A. When the proper time came. That time didn't seem to come when it was best or judicious to sell the stock, and other security was given to Mr. Hooper. He held, to my knowledge, \$200,000 of the Great Falls & Conway bonds, which were placed for the benefit of the guarantors of the note of the Hospital Company, in the Merchants' Bank.

Q. Pardon me; if I don't interrupt you, he held these as his own property?

A. No; as the property of the road—of the Eastern Railroad Company.

Q. The property of the Eastern Railroad?

A. Yes; as security for his liability upon any note of the Eastern Railroad Company that he had indorsed or guaranteed?

Q. His property in these, then, was only collateral?

A. That is all; collateral security.

Q. Well, go on. This other collateral security was given to Mr. Hooper?

A. I understood Mr. Hooper to say that he held about 5,000 shares of the Maine Central Railroad stock as additional security for this note at the Hospital Life Company, and for any other notes of the Eastern Railroad that he had indorsed.

Q. Transferred to him as such security, of course, by the Eastern Railroad?

A. By the Eastern Railroad transferred to him. I never saw the certificate. I only know that Mr. Hooper did hold these shares, as he stated to me, and I had no reason to question it at all; he held them as security for his liabilities for the Eastern Railroad Company, and at times these liabilities were large.

Q. As the indorser or guarantor of the Eastern Railroad. Well, then, Mr. Haven, when you knew that, you knew that the Eastern Railroad had been, and was then, the proprietor of these shares?

A. I did; yes. I am now back to 1874, in the summer. I don't know what time he received these shares, but he had them then, as he told me.

Q. Well, what was the next knowledge you had of the ownership of these shares by the Eastern Railroad, of any shares, or the purchase of any? If I understand you, you didn't know then what they cost?

A. No. I only know as I have stated.

Q. And didn't know who they were bought of?

A. No, only I suppose that many of them had been bought, as I have stated, from Mr. Ward.

Q. From Mr. Ward?

A. Yes.

Q. Did you know anything about the purchase of those from Mr. Rice, — Judge Rice, as he is called?

A. No, I don't know when they were purchased. I only know what the president, Mr. Wooldredge, told me in reference to purchase of shares which had been made some time. I don't know whether Rice's name was mentioned or not.

Q. Did you have any conversation with Mr. Wooldredge about the price, or whom they were purchased from?

A. No, sir.

Q. Did you know that there was anything whatever in this purchase of Mr. Rice different from others, in respect to price?

A. In the spring of 1875, some time in February or March, Mr. Wooldredge told me that a gentleman by the name of Cook, of Salem, wanted to sell the road some shares. I immediately said that I would not approve the purchase of any shares for the Eastern Railroad. I did not assent to the purchase of any.

Q. Well, what did he say?

A. I don't know that he said anything.

Q. Understood that Mr. Cook wanted to sell them some?

A. I don't know how many, or what price. I never had had anything to do with the purchase of the Maine Central shares, and I didn't mean to have anything to do with them. About that same time, I noticed that Mr. Ward had private interviews with Mr. Wooldredge, because these interviews were held in the Merchants' Bank,—not with me, but in an adjoining room.

Q. Well, did you ever see Mr. Cook in respect to this negotiation; have any conversation with him with respect to this?

A. No, sir.

Q. Ever seen Mr. Rice?

A. I have seen him.

Q. On this business?

A. No, sir; never.

Q. What further did you know in relation to these shares, if anything?

A. I don't know anything, except that Mr. Ward and Mr. Wooldredge came into my room, and Mr. Ward said that he wanted to make some declaration before me, as an attesting witness; that he had entered into a contract verbally, and was going to have a written contract with Mr. Wooldredge, by which he was to furnish proxies; this was prior to the fall meeting,—proxies on shares. I didn't pay any attention to it, because I had previously told Mr. Wooldredge I would have nothing to do with the Maine Central shares; and I simply listened to what Ward had said, and that was the end of it.

Q. Well, then, were you, subsequently to that, present at any meeting of the directors when any vote was passed in respect to the purchase of these shares?

A. I should like to say, in continuation, before we come to that meeting—

Q. Yes; if there is anything intermediate, please state it; I beg your pardon, sir.

A. Mr. Wooldredge had expressed great anxiety to get the power to vote upon the shares in the name of Mr. Hooper. He had then died. This was in February or March. Very anxious, indeed, as he had expressed himself to me several times, to be able to vote upon these five thousand shares; and this property was held by the executors of Mr. Hooper's estate; and he came into my room, and said to me, says he: "You must not object to my buying any shares which the road had purchased." Whether he meant Rice's shares, or not, I don't know, or some old lot. He said the road owned them,—had purchased them, or agreed to purchase them, and he must pay for them. I told him that I did not know anything about the purchase of Maine Central shares, at all; but of course, if the road was indebted for the shares, I should make no objection, and that ended the interview. I may not be able to give the precise words he used, but that was the purport of it, at a meeting of the directors of the Eastern Railroad, on the 10th of May; I think it was a special meeting.

Q. Eighteen hundred and seventy-five?

A. Eighteen hundred and seventy-five. I was present at the meeting; my seat was next the president's, upon his right, so that I could distinctly hear everything that was said by him or by any one else; and at that meeting, the president said that shares of the Maine Central Railroad, heretofore purchased, should be ratified and approved,—something short, not more than a mere reference to the shares of the Maine Central Railroad. There was no vote read at that meeting, either by the president or any member; there was no discussion at that meeting; no question was put; not a word was said, and the vote—if it was a vote—that was taken, was passed *sub silentio*. I did not vote. Mr. Bates, who was on my right, said he didn't vote.

Q. You didn't vote?

Mr. SHATTUCK. In a matter of such delicacy as this, I think it desirable that the witness should testify only to what he himself knows.

Q. (By Mr. THOMAS.) Very well. The president referred to the Maine Central shares; no allusion was made by him to the finance committee?

A. The words "finance committee" were not mentioned in any way by him, or any member present at that meeting. I heard nothing, sir, about it.

Q. No such vote you say was passed?

A. No such vote as is recorded there. I am very confident, indeed, no such vote was read or passed; no vote whatever containing any reference to the finance committee. I believe, being a member of that committee, had the finance committee been alluded to, I should have been up in one moment to state that that vote was not true.

Q. (By the CHAIRMAN.) In order to make this clearer, will you please read what that vote was, so as to bring the thing before us. The Committee would like to have that vote read as recorded.

[Mr. THOMAS read the following from the record.]

"BOSTON, May 10, 1875.

"A meeting of the directors was holden this day at their office, No. 28 State Street, all the directors present except Jones and Johnson. On motion by Mr. Williams, seconded by Mr. Hooper, it was voted that this board hereby ratifies and approves the action heretofore taken by the finance committee, in procuring the purchase and control of the stock in the Maine Central Railroad Company, for the benefit of the corporation."

Something in the margin, which is, of course, merely "purchase and control of the Maine Central Railroad stock." There are other votes. Will it aid you at all if I call attention to the other votes?

A. No, sir; not at all.

The CHAIRMAN. Now, Mr. Thomas, if you will take up the testimony on that point.

Q. (By Mr. THOMAS.) Now, sir, if I remember, 28 State Street is your office?

A. It is in the building, but not in my office. Not in what is called the Merchants' Bank. In a room up in a story above. It was leased by the Eastern Railroad for convenience.

Q. It may refresh your recollection, possibly, if I state that the next vote is: "On motion by Mr. Williams, seconded by Mr. Haven, it was voted that the president be, and he hereby is, authorized to execute the contract." This relates to the Portland & Ogdensburg, and don't refer to this. What do you say now about hearing the vote read, and the proceedings?

A. I say that no such vote as that was passed at that meeting or was ever read at that meeting. I mean that part of it which relates to the finance committee.

Q. I want to make that clear,

Mr. OSGOOD. Just at this point, Mr. Thomas, if you will allow me to read from the printed testimony what Mr. Parker said about this vote. The question is: "Then this vote was brought by the president; that is, this written vote, was brought by the president, and passed. Mr. Williams—he offered it at the request of Mr. Wooldredge, and Mr. Hooper seconded it; that is so, is it?" The answer was, "Yes." "Then it was passed in that way?" "Yes; I have not the slightest doubt of it." You say that no such vote was passed to Mr. Williams, and no such vote was passed?

A. I say no such vote was offered. I don't know what was passed to Mr. Williams.

Q. (By Mr. THOMAS.) You, in your last answer, spoke of the expression, "finance committee." I believe your words were, "The mention of the finance committee." Now, let me understand you: "On motion by Mr. Williams, seconded by Mr. Hooper, it was voted, that this board hereby ratifies and approves the action heretofore taken in procuring the purchase and control of the stock in the Maine Central Railroad Company for the benefit of the corporation." I have been reading that, omitting the words "by the finance committee." Did you hear any such vote passed as that?

A. No; not so much as that.

Q. What vote do you mean was passed, if any?

A. If any vote was passed, it was simply this: that the shares of the Maine Central Railroad heretofore purchased be approved. That was all that I heard; and I have no question in my mind but that I heard every word that was uttered.

Q. (By Mr. HEYWOOD.) Is that any different from the recorded vote?

A. Yes; it omits the words "finance committee."

Q. The result is the same?

A. It is very different, as I will explain to you by and by.

Mr. SHATTUCK. The distinction is, whether you had anything to do with the purchase?

A. They ratified the purchase.

Q. (By Mr. THOMAS.) Was any vote passed,—I want to make it clear,—was any vote passed to confirm the purchase of these shares, whatever may be the phraseology?

A. The phraseology was in what the president stated,—and he read no vote; he was looking at the minutes before him,—it was: "That

the Maine Central shares heretofore purchased be approved." It was something very short. I heard distinctly every word that was said about this matter of the Maine Central shares. I paid particular attention to it, because I never had favored the purchase of a share. I raised no question at the time, because Mr. Wooldredge had spoken to me about paying for some lot of shares which had been purchased previously,—some time back,—either of Judge Rice or somebody else. I didn't know, and I paid no attention to it; didn't know what price, or how much was due for them; and I understood him, at the time when he spoke to me about it, as being a debt of the Eastern Railroad. So, when he referred to the shares of the Maine Central Railroad, I didn't vote. No reference, in what he said, was made whatever in connection with the finance committee. Of that I am perfectly positive; but whatever he said, that was in the shape of the vote, which was passed, and passed *sub silentio*. Not a word said; no question put by any director, and we passed by to the next business.

Q. Now, Mr. Haven, you were on the finance committee, were you?

A. Yes; been a member a good many years.

Q. It was composed of whom—you and what others?

A. Down to the fall,—about the latter part of 1873,—it was composed of the president,—the president is always *ex officio* chairman of the committees, of the regular standing committee—

Q. And this was a regular standing committee?

A. A regular standing committee. It was composed of the president, Mr. Hooper and myself, down to 1873. After the panic, the committee was increased by the addition of two members; two were added that year, at the end of 1873.

Q. Who were they?

A. One was Mr. Stevens; he was then a director.

Q. Yes?

A. I think the other,—I won't be certain, but the records will show,—I think it was Mr. Jones.

Q. Jones?

A. I think so; and then, in 1874, the committee consisted of four directors and the president, making, in fact, five members of the committee.

Q. In 1874, Mr. Wooldredge was president?

A. Yes.

Q. It consisted of him; and who were the four? You were one; who were the other three?

A. I think Mr. Lothrop was one, because he was a member of the board, after he ceased to be president, for one year, and the others I don't recollect. But in 1875,—I recollect the committee of 1875,—it was Mr. Hooper,—before Mr. Hooper died; he died the 14th of February, 1875,—Mr. Hooper, Mr. Bates, Mr. Cummings and myself.

Q. Well, was not Mr. Cummings a member of the finance committee in 1874?

A. No, sir; he was not a director.

Q. Not a director till 1875?

A. No, sir; not till 1875.

Q. He was on the finance committee?

A. He was on the finance committee.

Q. And Mr. Benjamin E. Bates?

A. Mr. Bates was not a director in 1874, nor for some years before that. He was made a new director in February, 1875.

Q. Now, well then, what was the next thing you knew of these shares,—the purchasing of the shares in the Maine Central? You have spoken now of the meeting when this vote was passed. That, if you will allow me to suggest to you, was May 10, 1875?

A. May the tenth.

Q. From that on?

A. From that on. I don't think the subject was mentioned to me; I don't think I knew anything, or heard anything, from the 10th of May on, till October.

Q. Did the finance committee have meetings?

A. No, sir.

Q. No meetings?

A. No, sir. No meeting, I believe.

Q. Was there ever any vote of the finance committee,—it would not have been without a meeting,—but I will ask it, Was there ever any vote of the finance committee about those shares, or any understanding between them while they were together?

A. No; the subject was never referred to by the finance committee. Maine Central shares never came up.

Q. Were any of these shares ever purchased with your assent?

A. No, sir.

Q. And you had no part in the making of the contract?

A. I had nothing whatever to do in the making of the contract.

Q. Well, what happened after that, in respect to these shares?

A. In October, 1875, it came to my knowledge, by some remark made by the president, Mr. Wooldredge, that the vote,—that there was a vote confirming the purchase, or approving the purchase, of Maine Central Railroad shares. He alluded to it in such a way, that I thought I would call for the vote. The meeting of the directors of the Eastern Railroad was to be held that afternoon. It was some time in October. The meeting was fully attended. I think I called to Mr. Parker to know what vote had been passed respecting Maine Central shares. He produced the record of May 10. The moment that he read the vote, I said to the president, "That vote is not true; it was never passed." I then called Mr. Williams, upon whose motion the vote was submitted, as the record says. Mr. Williams read it two or three times, and then said, "I have no recollection whatever of that vote. I don't believe I ever offered it." Mr. Hooper was not present,—Nat. Hooper, who was a brother of Mr. Hooper who had died; had taken his place as director.

Q. He had been elected immediately after the death of Samuel?

A. He had been elected immediately after the death of Samuel; but he was not present at that meeting, and I didn't know then that he had resigned. He was present on the tenth of May,—Mr. Hooper was. I

stated to the president I should call it up at that meeting—that vote—and I said that it had not been passed. The president requested that I should not do it; he wanted to have it delayed. I let it go by, and got a copy of the vote that afternoon. The vote was shown to me, in the handwriting of Mr. Russell—Mr. William G. Russell; he is the counsel of the corporation. Mr. Parker showed me the vote; it had reached him, and he had recorded it. I took a copy of the vote, and the next day sent for Mr. Hooper. I asked him if he had seconded that motion—that vote. He read the vote. "Why," said he, "I never saw it before; I never heard of it; there was no such vote." So, by the testimony, Mr. Williams, as whose motion it was submitted, according to the records, and upon the statement of Mr. Hooper, no such vote had been presented. I thereupon addressed a letter to the directors of the Eastern Railroad, and submitted it at the next meeting of the directors, in October,—I think it was the 27th of October,—stating as emphatically as I could, that no such vote as that had been offered or read, and, of course, could not have been passed. I think the meeting was a full meeting, except that Mr. Cummings was not present. I read the letter as distinctly as I could,—an emphatic denial of that vote. Then came up the question as to what should be done about it, and I moved that my letter be received and placed on file, and it was so done without a single dissent, unless it was on the part of the president, who said that I had forgotten, or something. No director objected, and my letter was placed on file. After that, I sent in my resignation as a director.

Q. When did you send in your resignation, as near as you can remember?

A. Early, I should think, in November. This meeting, at which I read the letter, was on the 27th of October. It was probably before the next meeting. It is possible that I attended one meeting after that; I don't recollect. My letter of resignation was not accepted. Gen. Lawrence was then president. When I read my letter, Mr. Wooldredge was still president of the company. On the 27th of October, he was then present, and was the president of the company.

Q. Well, is that the end of your knowledge about these purchases of this stock?

A. That is the whole of it, except that I felt it due to myself,—after the railroad commissioners' charge, by their report; I then realized that they, owing to the record of that vote, had done me great injustice,—I felt that it was my duty to write to the railroad commissioners upon the matter of this vote, and ask for some correction in their statement. I addressed them two letters. I have a reply to the first letter, but not to the second. In their report, somewhere, they stated that the failure, or the consummation of the troubles of the Eastern Railroad, took place in 1872 or 1873; somewhere they state this. Would you like to have me put in the correspondence?

MR. THOMAS. I don't think that would be necessary. It seems to me, if the Committee please, that to put in Mr. Haven's correspondence with the railroad commissioners, would only encumber the record here very

much indeed,—make your report very voluminous. If there is anything to be asked about it, it may be asked.

The CHAIRMAN. I hope it will be made as brief as possible, lest we get so much into it that we can't get anything out.

Mr. SHATTUCK. No doubt this correspondence was official, and the railroad commissioners have it. If Mr. Haven will read it to me, it will save me the trouble of going to the commissioners after it.

WITNESS. I was going to state, that in this report great injustice had been done me. In the report they state: "As respects the purchases of stock and other securities, these seem to have been, in a great degree, effected by the financial committee of the board of directors on account of the Eastern Railroad Company, while a portion, at least, of the other members of the direction were under the impression that the purchases were on private account. The board of direction" (this is on the 45th page) "was divided into two parties: a dissatisfied minority, which distrusted the policy of expansion, but felt itself compelled to rest satisfied with a silent protest; and a majority, which relied entirely on the judgment of the financial committee of the directors, which consisted of the president and Messrs. Samuel Hooper and Franklin Haven. Of these gentlemen, Mr. Hooper was in Washington, and Mr. Haven's attention was chiefly absorbed in other matters. Thus, the management of the company's finances devolved almost wholly on the president, with such assistance as the other members of the committee rendered when questions of exceptional importance had to be decided."

Q. Now, I want to ask you, if, before that report was made, any member of this board of railroad commissioners had been to you to make inquiries about the facts?

A. No, sir.

Q. Have you had any conversation with either of them, or communication with them?

A. Not at all.

Q. Well, now, if there is anything further, after that, which you wish to state, please state it.

A. Nothing in connection with the Maine Central shares. I thought the railroad commissioners had done me injustice, because they say that the finance committee seemed to have great and undefined powers, and that the purchase of these stocks and securities was effected principally by the finance committee; now, there was no vote; no vote, upon the records of the Eastern Railroad, that has given the finance committee any power whatever to purchase any stocks—the Maine Central, or any other securities. The whole duties of the finance committee were to consider the ways and means of paying the debts of the Eastern Railroad Company, unless some special duty, by a vote of the board, was put upon the committee. This vote of the 10th of May, which is recorded there, was the more surprising, because, at the annual meeting in February preceding that month of May,—only ninety days prior to the record of that vote, when the standing committees were appointed,—I suggested myself,—raised the question myself, at the meeting,—whether it would not be best to have,—I did not recommend it,—to estab-

lish an executive committee, with full powers, to act upon any subject during the interim of the meetings of the board. The president objected to it, and I did not recommend it, but took occasion, at that meeting, to say that the finance committee had never considered any subject whatever, except that of making loans, and providing ways and means of paying the indebtedness of the company. I made that statement at the time, because I saw a disposition to assume responsibilities which I thought was unnecessary, and I wanted to have it clearly defined and understood that the duties of the finance committee, of which I had been a member, —perhaps somewhat prominent, being associated with Mr. Hooper for many years,—I wished to have it distinctly understood that that committee had never been called upon; had never assumed to act upon any subject whatever, except providing ways and means for paying the company's debts.

Q. Well, Mr. Haven, did you have any shares in the Maine Central Railroad yourself?

A. I was the owner of 100 shares,—never in my name. About three years ago,—two or three years ago,—Mr. Samuel Hooper brought in 600 shares of the Maine Central stock, and handed them to the cashier of the bank, and wanted to have them placed in the name of the bank; they were his shares,—those were,—which he had bought. As I stated, he offered me 100 of the shares. I purchased them, and afterwards sold them; but they never were sold to the Eastern Railroad, or any director of that road; and I have no reason to believe, up to this day, that they were ever controlled by that road, in any way whatever. They had never stood in my name.

Q. When was it that Mr. Hooper owned so many shares?

A. Six hundred shares?

Q. Yes.

A. I think, in 1873.

Q. Eighteen hundred and seventy-three?

A. It might have been 1873 or 1874; I don't know which.

Q. You don't know what time in the year; don't remember what time in the year, perhaps?

A. No, sir; I can tell by the transfer of the shares.

Q. Did he transfer them?

A. He requested the cashier of the bank to send them down to the corporation and have them transferred; I think they were transferred to the Merchants' Bank.

Q. Well, they are not in the Merchants' Bank now.

A. O, no.

Q. What did Mr. Hooper finally do with them?

A. I don't know what he did with them.

Q. Didn't he sell them?

A. I don't know.

Q. When did the bank retransfer them?

A. I don't know when that was done.

Q. You can find from your bank, when?

A. There was nothing in the bank to show any record of that; there was no loan made upon them.

Q. They were merely deposited there?

A. Merely deposited; they were placed, however, with a large package of his securities,—bonds, and other securities.

Q. Merely put in there?

A. Merely put in there.

Q. So, when he disposed of them, you don't know?

A. I don't know.

Q. When did you dispose of yours?

A. I disposed of mine, I should think, within two or three months after I purchased them; I never took the title to them; they were either in his name, or the name of the bank; I never looked at the shares.

Q. But what do I understand by that; you never purchased them; you owned them?

A. I purchased them; I owned them.

Q. They were paid for by your money, and not by the bank?

A. Paid for by my money.

Q. And don't you remember when you sold them?

A. No; but I can ascertain that of the party to whom I sold them.

Q. Did you sell them to a broker?

A. No; to a private individual.

Q. Do you remember the rate at which they were sold?

A. I think they were sold at about 60.

Q. About 60?

A. Might have been more; but they have nothing to do with the Eastern Railroad, in any way.

Q. No, not until sold; and yet you could not tell us whether or not they were the identical bonds which afterwards came to the Eastern Railroad?

A. I don't believe they ever went to the Eastern Railroad.

Q. Do you remember who bought them?

A. They were bought by a gentleman, but no one having any interest in the Eastern Railroad; nor was he a broker; and I am inclined to think he has got them to this time,—he or his friends.

Q. You sold them for what was a fair market price?

A. What I supposed was a fair market price.

Q. A fair market price at that time?

A. Yes, sir.

Q. And you didn't sell them to go to the Eastern Railroad?

A. No, sir; I don't think the Eastern Railroad ever had them, or any control of them.

Q. When you found that, you were a director, and that a large number of these shares which you knew about, and had bought some of, had been bought of Judge Rice, did you say anything about it?

A. Nothing more than I stated at the meeting, when I called this matter up.

Q. (By Mr. SHATTUCK.) That was after, I understand, Mr. Cummings' publication?

A. O, no.

Q. (By Mr. THOMAS.) Did you know, at the time that meeting was held, or subsequently to that, while you were a director, that these shares had been bought of Judge Rice?

A. At the meeting, to which I referred, in the summer of 1874?

Q. No; at any time, while you were a director, did you know that this stock had been bought of Judge Rice?

A. I don't know; I don't think I did.

Q. Did you know that any of the stock had been bought at 100; did it come to your knowledge while you were a director, at any time, that the stock—some of it—had been bought at 100?

A. Well, I think I heard that some had been purchased at a high price; I cannot say that I knew it was at 100.

Q. Well, whatever it might have been?

A. I don't recollect; I never had anything to do with the negotiation.

Q. Never mind about figures; the idea is all I want. You knew it had been purchased at something above the market price, perhaps, of somebody?

A. I don't think there was ever any communication made to me about it.

Q. The point I want to get at is this, Mr. Haven: if you understood that some of the stock had been sold for a very high price,—say 90, or 100, or more or less,—and you knew that the fair market price was about 60,—at what you were willing to sell your own, and did sell it for,—why didn't you call that up before the directors, and say, why is this? how does it come about? You have been paying our money away here, to Judge Rice, at 100, for stock which is only worth 60.

A. I never knew anything about what was paid Judge Rice, or the price of the stock.

Q. Didn't it occur to you, that if you had learned it had been bought at a high price, as a director of the road, and representing the stockholders as you did, and intended to, to ask how is this about this high price, even if you didn't know—

Q. (By the CHAIRMAN.) To prevent confusion— I have understood Mr. Haven to say that he didn't understand that the Eastern Railroad were buying Maine Central stock, or controlling it at all?

A. No, sir; I beg your pardon.

Q. Well, I misunderstood you then, and that is why I asked the question.

A. No, sir; because I inquired into the matter at a regular meeting of the directors of the Eastern Railroad; I brought the subject up, when I learned from the treasurer of the road, and also from the president, that the road was the owner.

Q. (By Mr. THOMAS.) Of 500 shares, you said?

A. I didn't say 500 shares.

Mr. SHATTUCK. He said \$500,000.

WITNESS. I said \$500,000.

Mr. THOMAS. Pardon me; I meant to state it as you stated it.

WITNESS. I didn't inquire how many shares the road owned. I had

no doubt then, and I have no doubt since, that whatever the road did hold of the Maine Central stock, it held in good faith; that it was bought to carry out certain arrangements which the Eastern Railroad had entered into with the Maine Central.

Mr THOMAS. Now, I will renew my question; I see the pertinence of the question of the Chairman.

The CHAIRMAN. The Committee understands that the road had bought it; but his evidence, thus far, has been to show that it was bought irregularly—without authority—by individuals that had no business to buy it. Do I understand that to be the purport of the evidence, thus far? I want to get at it, or else I am completely mixed. If I understand Mr. Haven's evidence,—I want to know if I misunderstood it,—that, although he found out that the Eastern road was holding Maine Central stock, by his evidence does he inform this Committee that it was bought irregularly, without authority from the finance committee, or that it was bought without any authority at all on the part of the Eastern road; is that so?

WITNESS. I can say this: that it was never bought by authority of the finance committee; I don't know of any authority by which the shares were purchased, but I learned that the Eastern Railroad did own those shares. I have given you all the information I have.

The CHAIRMAN. Now, may I ask one question more?

Mr. THOMAS. Certainly.

Q. (By the CHAIRMAN.) It is this: that when you found that this property was in the possession of the Eastern Railroad, I wish to know. We understand Mr. Haven to say that he thought it was best to ratify it, after it was bought, as an indebtedness or the road; is that so?

A. I called the subject up to know what the road owned, and although there was no vote passed at the time, still it gave a very decided expression of the opinion of the directors that the shares ought to be kept, and not parted with; for I said something about selling stock, and I found that all the directors were in favor of retaining it, as being of great value to the Eastern Railroad Company, under its existing arrangements with the Maine Central.

Q. (By Mr. THOMAS.) If you will allow me, Mr. Haven, I fear you don't perhaps precisely weigh that suggestion of the Chairman, which is to this question, as I understand it: whether or not when you met and this vote was passed,—whether or not you understood that the directors of the railroad were confirming what had been done by somebody else, regularly or irregularly, whatever it might be?

A. I was under the impression, at the time when the president alluded to approving the purchase of the Maine Central shares, that it meant some of the shares which the railroad had previously purchased, but I said nothing; I didn't inquire what the price was, or anything about it.

Q. You have stated, Mr. Haven, that you were very careful not to sanction this act yourself?

A. Yes.

Q. But didn't you understand that the directors, as directors of the railroad, were undertaking to sanction, and you are acquiescing in, this action by silence?

A. Yes.

Q. Didn't you understand they were sanctioning an act which had been done by some person irregularly; that is, without authority? There was no authority, you say, from the corporation?

A. I don't know of any authority.

Q. And no authority from the directors?

A. None, to my knowledge.

Q. And certainly none by the finance committee?

A. None by the finance committee.

Q. Well, then, somebody had been buying, with the money of the Eastern Railroad, some stock in the Maine Central Railroad. Now, the point is, whether or not, at that meeting, you understood that the directors, as directors, were undertaking to sanction that purchase, thus irregularly made?

A. I did understand, when the president referred to the purchase of stock previously made, that he intended it as a ratification of that purchase; I didn't know what purchase.

Q. That we will call one purchase, at one time; that was a ratification of the purchase. Did you understand that the directors, as directors, were undertaking to ratify it, so far as they were capable of doing it, at that meeting?

A. Well, nothing had been previously said to me about it; the whole thing was a surprise to me when it came up—

Q. Pardon me.

A. I know what you mean.

Q. Pardon me for the suggestion I am going to make here. If I understood your testimony, it was that the first that you knew about it, a note was brought to you to pay for shares which had been previously purchased, and you declined to do it, but you understood at that time they had been purchased for or by the corporation in some way?

A. Yes, sir; I understood it afterwards from the inquiry which I made.

Q. Then, at this meeting, you understood that somebody, without authority, and therefore irregularly, had bought certain shares of the Maine Central Railroad, and that an attempt was to be made by the directors to ratify the act, and you didn't vote on that question?

A. No.

Q. And if a vote was passed, you say it was passed silently?

A. Yes.

Q. But did you understand that they were about to ratify it?

A. Well, I didn't know to what shares it referred, unless it was to the old lot of shares which the president had mentioned to me.

Q. Pardon me; you knew it referred to shares other than the—

A. Than the old shares?

Q. Other than the shares of the Eastern Railroad?

A. I knew that it referred, or supposed that it referred rather, to shares which had been purchased at some time between the meeting where I called the matter up and at that moment

Q. Yes, shares other than shares in the Eastern Railroad; and you knew that you had never sanctioned it, and you didn't want to sanction it?

A. I didn't object; no, sir.

Q. But you regarded it as irregular?

A. I regarded all the purchases which had been made of the Maine Central shares as irregular, because they were none of them made with the authority of the board.

Q. Now, Mr. Haven, what occurs, and probably will occur to every mind, is this: why didn't you there protest that this could not be done, and bind the Eastern Railroad; that there was no authority for it; it was all irregular; and, if they outvoted you, put your protest on record?

A. Well, I didn't do it; I didn't know to what purchases it referred at all, but I knew that the road had purchased a quantity of the shares of the Maine Central, as I told you, because I had inquired into it.

Q. Well, then, in principle, Mr. Haven, what difference did it make in your mind whether it was one hundred shares or five; whether it was bought yesterday, or to-day, or a month ago? They were paid for by the Eastern road, and they were about to sanction an act which you regarded as irregular. That is the question, I believe.

A. Well, it made this difference: when I knew about the vote,—which was afterwards, you know,—I didn't want to have all the irregularities—

Q. I see your point is this: you think that this vote implies an irregularity begun by you as a member of the finance committee?

A. It does.

Q. Whereas your point is, that it is an irregularity begun and done by somebody else?

A. Yes.

Q. Still an irregularity?

A. Yes.

Q. Which, now, the directors of this railroad are assembled to confirm?

A. Yes; I don't know that they were assembled to confirm that.

Q. Well, there was some talk about that, at any rate. There was a vote there; Mr. Williams proposed it?

A. Yes, sir.

Q. Well, now, why didn't you put your foot right down upon it?

A. Well, I didn't do it; but, of course, perhaps I ought to have done it, because I never had favored the purchase of a share; but I knew, and had known for two years, or at least more than a year, that—

Q. You see, in justice to this suggestion, which I am glad to see the Committee have made, out of fairness to you as well as to the public,—in justice to that,—this suggestion goes to the point, whether the irregularity was by somebody else,—that you are to stand still and see done,—or whether it was one which you had done yourself, or wanted others to confirm.

A. I never had anything to do with the purchase of the stock, in my life, for the Eastern Railroad Company.

Q. Well, but there is another thought, and that is, it was suggested by the treasurer here that it was supposed by those who had been let into

this, that it could not be done regularly and done by the company, and therefore they appointed a trustee.

A. I never knew of that.

Q. But you didn't so understand it?

A. I never knew of it; I never heard of it.

Q. You didn't suppose, then, that there was that form of regularity, did you? That there was any trustee about it?

A. I never heard of any.

Q. And therefore the irregularity would be more apparent, would it not?

A. I don't know.

Q. And did you ever investigate how much money had been spent by the Eastern Railroad in this purchase; how much had been expended, really, in the aggregate?

A. No; nothing more than I learned when I called the matter up at the meeting in 1874, and then it was indefinite. The reply was, that the stock was held charged at \$500,000, but it really cost more; how much more, they did not state.

Q. It would seem, according to the report, that this had cost, I think, about a million and a half, and is now estimated at \$859,000 in value. Do you know what this stock is selling for now, Mr. Haven?

A. No, sir.

Q. Don't know?

A. No, sir; I didn't suppose that all of the purchases had come to a million.

Q. Yes, sir; it is represented it came to about a million and a half; that is put in where?

A. Put in where?

Q. Put in the president's report of this year,—Mr. Lawrence's report,—which we have had here; it is put in at \$859,000 estimated value, in their property account?

A. That is a report I never saw; that is to say, I was not a member of the board when it was made.

Mr. THOMAS [reading from the report]: "15,524 shares of the stock of the Maine Central Railroad Company, \$859,895.81; and it is represented that it has cost, say a million and a half."

Mr. SHATTUCK. No; about \$1,200,000.

WITNESS. Where does it appear, sir?

Mr. SHATTUCK. One million two hundred and twenty thousand dollars.

WITNESS. Is this the report of the president?

Q. (By Mr. THOMAS.) Yes, sir; you can see it there. Well, what was the fair value of this Maine Central Railroad stock, the last that you had knowledge of its market value?

A. I have not known anything about it; I have no knowledge about it.

Q. Not posted about it, then?

A. No, sir; never inquired into it.

Q. Well, do you remember how much you paid Mr. Hooper at the time you bought from him?

A. I think it was something over \$50 a share, and I sold mine for something over \$60; but, I repeat again, to no one connected with the Eastern Railroad, or for the Eastern Railroad.

Q. (By Mr. NOBLE.) Did the Eastern Railroad get it?

A. I think not; I rather think it is held to-day by the gentleman who took it at the time.

Q. (By Mr. THOMAS.) From your relation to that stock, do you know whether this purchase of this large amount of shares, at what I may call these large prices, by the Eastern Railroad Company, had the effect to advance the market price of the Maine Central stock?

A. I never knew that it had any market price; these shares which I sold, I sold to a friend; not through any broker.

Q. You didn't, perhaps, know then what it was; you didn't know whether it was in the brokers' board at all?

A. No; I don't think I ever saw any quotation of it.

Q. Well, that is all the transaction you ever had, personally, with the Maine Central Railroad?

A. Yes, sir.

Q. Did you own any stock in the Portsmouth, Great Falls & Conway Railroad Company?

A. Yes. Own it now, do you mean?

Q. Did you, while you were a director?

A. Director of the Eastern?

Q. Yes, sir.

A. I think I had, at one time, 100 shares; I have got less than 50 now.

Q. Well, do you remember when you purchased those?

A. I was one of the subscribers to the Portsmouth, Great Falls & Conway Railroad, at \$100 a share.

Q. You paid par for those?

A. Yes.

Q. Did you ever buy any afterwards, at less?

A. No.

Q. Owned any stock in that, except what you subscribed for?

A. That is all.

Q. And do you remember, when you sold that, what you sold it for? You have got some now?

A. I think I sold some at cost, or higher than cost; part of the shares that I subscribed for.

Q. Was that after its connection with the Eastern Railroad, that you sold it at that advance? The money to build it, or a large portion of it, was subscribed by the Eastern Railroad?

A. Yes, sir.

Q. I beg your pardon, then; I should not have asked you that question. Do you own any bonds of this company?

A. No.

Q. Never had any bonds of this company?

A. No, sir; never had any.

Q. Did Mr. Hooper own any stock in the Portsmouth, Great Falls & Conway Railroad?

A. I presume he did, but I don't know; he owned bonds—that I know.

Q. Well, do you know when he bought those bonds?

A. Yes; I know when he bought \$100,000 of the bonds, and gave \$80,000 for them.

Q. Bought them of the Eastern Railroad?

A. Bought them of the Eastern Railroad.

Q. Do you know, so far as you remember, that those were the first he ever had?

A. I don't know that; I don't know what he had previous; but that was a liberal price for them, and the purchase was made solely to oblige the Eastern road.

Q. A liberal price for them, then?

A. Yes, sir.

Q. When was it?

A. I should think it was in 1874.

Q. What time?

A. I don't recollect what time; but I was knowing to his purchase at that time, and I considered it a very good sale for the Eastern Railroad to make.

Q. To sell Mr. Hooper those bonds?

A. Yes.

Q. As one of the finance committee, I suppose, while Mr. Lothrop was president, you had a good deal to do with raising money?

A. Yes, more or less.

Q. Well, now, they could raise money on their bonds—their 7s—at about par, while Mr. Lothrop was in?

A. I think not.

Q. Their 7s appear to have sold so, Mr. Haven, in the brokers' board—a large quantity.

A. How many?

Q. O, large quantities,—\$20,000, \$10,000, et cetera,—while Mr. Lothrop was in. The last, I see, sold in 1874,—I see the Eastern sales at 97½ and 97¼.

A. The Eastern?

Q. Yes.

A. I thought you were speaking of the Portsmouth, Great Falls & Conway road.

Q. I was; but I passed from that, and asked you if the Eastern Railroad could not dispose of their own bonds. Now, could not they borrow money in the market; is it not true that they could borrow money in the market, as late as October, 1875, for about seven per cent., on their own notes?

A. No.

Q. Well, about how much? Well, say in August and July,—clear down to that,—could not they borrow money at fair rates in the market, of the different banks?

A. I don't think they could have borrowed any money after the investigation had begun.

Q. Well, previous to that,—previous to that publication which has been spoken of here, by Mr. Cummings,—by the witness who was first on the stand here this morning?

A. O, they might have borrowed money temporarily, but I don't think they could have disposed of the long notes of the company freely, until after this negotiation with Richardson & Hill had been made.

Q. Well, after that, didn't they sell their bonds? Were not their bonds sold in the market?

A. No. Do you mean bonds or long notes? Ten-years' notes, you mean.

Q. Ten-years' notes, or less.

A. The ten-years' notes, which were not called sinking-fund notes, didn't sell so well as the sinking fund; there was a difference of some one, or two, or three per cent.

Q. Well, don't you know that Mr. Wooldredge did, in point of fact, raise money at the banks, at what are called fair rates, down to the time a little previously to this blow-up with Mr. Cummings?

A. O, yes; there was considerable—a large floating debt with the banks.

Q. Well, if that was so, when you and Mr. Wooldredge could raise money for the Eastern Railroad, to bridge it over after that, at fair rates for six months, don't you think it was unwise to dispose of the Portsmouth, Great Falls & Conway bonds, which were really owned by the Eastern, and were their property, for \$80?

A. No; I think it was a very judicious sale to make; I don't believe \$75,000 could have been got for \$100,000 worth, if offered in the market; and Mr. Hooper's object, in taking those bonds, was to oblige the road.

Q. If you pardon me, you have passed away from my point. I don't ask you what could be got for those bonds. Suppose the bonds could not have been sold for \$75. What I ask is, would it not have been more prudent for the Eastern Railroad to keep those bonds in their safe? Suppose you held the bonds, Mr. Haven; that they are perfectly safe,—and if they are not, you have got to pay for them, because they have got your name on them,—now, wouldn't you, as a prudent financier, instead of disposing of those bonds at \$80, wouldn't you raise money on your own note at seven per cent., and bridge it over—not dispose of them?

A. No; the whole of that trouble was in the temporary floating debt of the Eastern road being so great, so enormous, it was difficult to sell those. I will state to you what my experience has been for the road, if you wish it.

Mr. THOMAS. No; I do not.

Mr. SHATTUCK. I think he had better; he was chairman of the finance committee.

Mr. THOMAS. I don't inquire of Mr. Haven the difficulty about selling the Portsmouth, Great Falls & Conway bonds. My inquiry is, whether it would not have been prudent to have kept those, and borrowed money

on their own notes, which I understand Mr. Wooldredge did raise at about seven per cent.

A. No, I think not; I think the great object was to reduce the floating debt; it was so large that it could not well be carried. Now, I will tell you, in December, 1874, within sixty days prior to this sinking-fund operation, I endeavored, by seeing bankers and capitalists, to get up a company to take one or two millions of dollars of these ten-years' notes, such as Richardson & Hill took. I could not find any gentlemen that were willing to go into the purchase—unite in a company to take a million or two millions of dollars—on any better terms than 80. The debts of the company were maturing every day; large amounts of money were paid constantly; and it was difficult for the corporation to secure renewals, plentiful as money was, and low as the rate of interest was. The company's credit had been injured by having so large a floating debt—temporary debt. I went to Blake to get him to make a negotiation for one or two millions, and he would not even name the terms; but he didn't intimate that he would do as well as Richardson & Hill did afterwards. I went to Mr. Nat. Thayer; I got some friends of mine to go to some rich capitalists who have plenty of money, and the best terms that they offered were to take these ten-years' notes; this was in December and November—December, 1874; and the best terms that I could get was at the rate of 80. The whole trouble was—

Q. Now, on that point, do you know what sort of a report your president was making to the directors at that time—in 1874? The report was made up so that they got it in February, 1875, representing this company in such a flourishing condition.

A. I only knew from the statements made by the president; I, myself, had not gone into the books and ascertained from personal examination anything about the condition of the corporation. I could not do it; I hadn't the time to do it.

Q. The closing sentence of the report is: "A considerably smaller percentage of increase in the net receipts for an entire year than is shown for the period above named would put the road upon a dividend-paying basis."

A. Is that the president's report?

Q. That is the president's report.

A. I had nothing to do after the first meeting—

Q. I don't know that you attended the stockholders' meeting; I guess not

A. No, sir; I did not. This negotiation of Richardson & Hill, I didn't know anything about, except as I learned it from the president; and when he stated to me that 85 could be obtained, and a sale of a part of the bonds secured, to give the corporation money as it would want it, I thought it was a very good negotiation to make, and the whole matter was then turned over to the directors; and he had full power—the president had—to fund the floating debt, and carry through the negotiation.

Q. In that way, you never bought any of those bonds?

A. No, sir.

Q. Had you anything to do with the purchase of the Charlestown lands?

A. No, sir. The project of the purchase of the Charlestown lands was presented to the directors, in the spring of 1872, by a broker by the name of Brown. He and his family had an interest in those lands, and he presented the matter to the board; saw many of the directors, probably individually; and at the meeting of the board the whole subject of the expediency of making the purchase was referred to a committee of three.

Q. Well, you had no personal relation to it?

A. Not at all; it went to a committee of three.

Q. Well, I did not ask you that. You had nothing to do with it, in point of fact?

A. I had nothing to do with it, except as a director, to approve the purchases made.

Q. Approve purchases?

A. Yes, sir.

Q. But, as to the negotiations of the purchases, and as to the settlement of damages, you had nothing to do?

A. Never saw a party about it, and never knew anything about it, except the statement to the board that the proper party had made the purchases.

Q. Did you have anything to do about the purchase of land down at Mt. Desert—Bar Harbor?

A. No, sir.

Q. Did you know anything about it?

A. No, sir; it never came up at a meeting of the board when I was present.

Q. Never heard it spoken of at all?

A. No, sir.

Q. And, except by hearsay, you don't know that there is any land there at all belonging to your company?

A. No, sir.

Q. Did you have anything to do with purchasing the Austin Street property? I said Charlestown lands; I meant the mill-pond lands?

A. No; I never knew anything about it, except what was stated at the board—what information I got there.

Q. No personal agency in the matter?

A. No, sir; never saw a person about it.

Q. Did you have anything to do in the endeavor to buy the Marginal Street Railway by the Eastern Railroad?

A. I was present at several interviews some of our directors—Mr. Hooper and Mr. Lothrop—had with Judge Rice, on several occasions.

Q. What had Judge Rice to do about it; was he a stockholder in the Marginal road?

A. I don't know that he had any interest in it; I think he hadn't, so far as I know.

Q. And none of these parties had any interest in it?

A. The object seemed to be to secure facilities for removing freight,

and particularly after the arrangements had been entered into with the Maine Central Railroad; and it was owing to the Maine Central arrangements, I suppose, that Judge Rice had come up to see some of the directors, about securing these facilities for moving freight.

Adjourned till 6.30 P. M.

FOURTH HEARING.

RAILROAD COMMITTEE, STATE HOUSE, BOSTON, }
THURSDAY, March 16, 1876. }

The Committee met at 6.30 P. M. Senator PALMER in the Chair.

TESTIMONY OF MR. FRANKLIN HAVEN—*Resumed.*

Q. (By Mr. THOMAS.) Mr. Haven, am I right in inferring from your statement, to-day, that neither by the by-laws, nor by any vote of the directors, was the finance committee authorized to make the purchase of the stock and bonds?

A. That is my judgment; I believe that to be the fact.

Q. And did the finance committee usually approve bills, or were they approved by others?

A. No, they did not approve bills; bills, I believe, were approved by the president. I never was called upon to approve a bill, within my recollection.

Q. I believe you stated here that the finance committee was a committee of ways and means?

A. Yes, sir, a committee of limited powers; at any rate, so long as I have been upon that committee, these powers, as I considered them to be, have never been transcended. No action has been taken by the finance committee, with my knowledge, except that of providing ways and means for the payment of the company's debt, unless some special matter referred to it by the directors.

Q. (By Mr. HEYWOOD.) In relation to the statement this morning, in regard to having a note offered to you to approve, whether all the notes that were given were required to be approved by you officially—that is, these notes of the Maine Central road?

A. All notes of the company were required to bear the names of two directors, as approving the notes; not necessarily of the finance committee—any two directors.

Q. That was the point—I didn't know it. Your recollection is, that you declined to approve those notes?

A. I declined to approve that, or any note for the purchase of Maine Central stock.

Q. You didn't approve it; and did you ever approve any note for that purchase?

A. No, sir.

Q. (By Mr. THOMAS.) Were all these purchases paid for by notes, or some of them paid for by checks, directly?

A. I do not know how they were paid for; I do not know anything about the payment of any of the purchases of the Maine Central stock except this, except that I told the treasurer never to bring me any bills about the Maine Central stock.

Q. I think you stated, also, that you didn't remember the amount of it?

A. No, sir.

Q. Nor who it was to go to?

A. No, sir.

Q. Have you ever had any conversation with Mr. Parker, by which that identical note could be identified by him?

A. No, sir.

Q. Who did you talk particularly with in coming to have it approved?

A. Mr. Parker.

Q. Perhaps, then, when I recall him, he will have some recollection on the subject. Now Mr. Haven, I wish to inquire about the purchase of the Marginal Freight Railroad,—you had spoken about some negotiations and some papers,—whether a price was fixed upon that \$275,000?

A. There might have been.

Q. Any purchase made; some price fixed?

A. Some price fixed, I do not recall what; somewhat over \$200,000 or \$300,000.

Q. Where was the property situated?

A. It was Crane's Marginal road. They had some property down near the foot of Atlantic Avenue; I never saw it, and took no interest in it whatever; but I met the gentleman at Mr. Hooper's request.

Q. Can you tell us why it fell through?

A. Well, it was considered on the whole best not to purchase it; I considered it a bad purchase to make, myself; we didn't know about the title, and there were certain rights or immunities claimed or reserved by the owner, or the man who claimed to be the owner, Mr. Crane.

Q. Did you know what amount was paid out by the company on account of expenses, etc.?

A. I do not recollect anything about it. I do not know that the company paid anything; if they did, I have forgotten.

Q. They paid Mr. Rice, I suppose?

A. I do not know at whose request he came. I think he was employed by Mr. Crane; I don't know, but I met the gentleman in some way.

Q. After the failure of the negotiations, some measures were taken to obtain land by the road?

A. That I am in doubt about.

Q. You mean in connection with the Lowell road?

A. No, the Maine Railroad—who own some part of the land, or claim to.

Q. Do you know about the price?

A. I didn't know anything about the price.

Q. Didn't know about money dispensed there for expenses, did you?

A. No, sir.

Q. I mean down near Causeway Street?

A. Only of a strip of land purchased of the Boston & Maine Railroad, which was settled by arbitration.

Q. Was there not some proceedings before the legislature prior to that settlement?

A. Not that I am aware of.

Q. Perhaps you have no knowledge of the case?

A. I have not.

Q. Did you own any stock in the Portland, Saco & Portsmouth Railroad?

A. No, sir; none.

Q. Never owned any?

A. No, sir.

Q. Nor held bonds?

A. There were no bonds, I believe. I never held, of the securities, either bonds, stocks or notes.

Q. You had no interest in that road?

A. None at all.

Q. In the extension of the branch to Gloucester,—that formed an integral part of the Eastern Railroad,—were you on the committee about that?

A. I think that was done before I was a director.

Q. Are you familiar with the value of the property now held by the Eastern Railroad?

A. No, sir.

Q. The property at East Boston—have you any knowledge of?

A. No, sir; I have not been in East Boston for many, many years; I do not not know anything about the value of property there.

Q. Do you know what property the Eastern Railroad owns there, which they could dispose of, and still carry on their business?

A. I have always understood there was a large surplus property there.

Q. Which could be sold?

A. Yes sir.

Q. But at what price, or what amount it would bring, you are not informed?

A. No; I suppose it would bring at least one dollar a foot.

Q. With reference to the purchase of the Austin Street estate, in Charlestown, and also the Malden lands, I think I have inquired about, and you have stated all you know about them?

A. That was referred to a committee in March, 1872, who made a report in favor of the purchase.

Q. Now, what did you have to do, if anything, with respect to the land in Lynn?

A. I had nothing to do with any interest in it; as a director, I went down with Mr. Hooper and Mr. Williams, I think, and looked at the land.

Q. I suppose you have read this report, made by Mr. Lawrence, which brings the statement down to November 30, 1875, which was presented at the stockholders' meeting in February?

A. I have not read it; I had ceased to be a director at that time.

Q. Had you any knowledge of the purchase of the lands in Lynn from John Alley, 3d, as they make it, at about \$216,000?

A. I had no agency in it, nor did I see any of the parties or owners in it; I undoubtedly gave my approval to the purchase.

Q. By whom was that purchase made; by the directors generally, or by a committee of directors, or by the finance committee?

A. Not by the finance committee; but I always supposed that that purchase was consummated by Mr. Hooper and Mr. Wooldredge, more particularly, up in their office.

Q. Wasn't Mr. Wooldredge then president?

A. I think he was.

Q. What was the year in which that purchase was made?

A. In November, 1871; Mr. Lothrop was not president until the next year, 1872.

Q. Was it done by Mr. Hooper?

A. I do not know that I can state satisfactorily what director did make the purchase directly. I am of the impression that Mr. Hooper had as much to do with it as any director, and perhaps some more.

Q. Was there not some meeting of the directors at which this plan was submitted, and by whom it was talked over?

A. I think there was; I think it came before the board.

Q. What was the reason alleged for this extraordinary outlay?

A. As I understood it, it was to cost about \$200,000, and there would be a large strip of land given to the corporation; I cannot give any particulars.

Q. Do you remember that the depot facilities, either for passengers or for freight, were inadequate, and it was necessary to acquire others?

A. There seemed to be a division in the public opinion, or sentiment, of the Lynn people; a portion of the inhabitants of Lynn wanted this new station, and a portion, particularly those that owned property around the old station, did not want it purchased; and it was kept in abeyance for a long time, in order to ascertain what was the general sentiment; to get at, if possible, the opinion of the majority of the people of Lynn.

Q. That had relation to the place where the depot should be located?

A. Yes, sir.

Q. Now, could there not have been a station acquired for very much less than this large outlay?

A. Well, when it was represented to the board at first, it was represented very favorably indeed, and that the Eastern Railroad Company was to acquire a large tract of land at a small or no cost.

Q. [Reading from Gen. Lawrence's report.] "In November, 1871, the company bought of the heirs of John Alley, 3d, a piece of land on the south side of the track, near Market Street, in Lynn, for \$216,000, valued by the assessors and taxed in 1870 for \$4,500, and since taxed for \$20,000. The heirs and others, at the same time, gave the company a piece of land on the opposite side of the track, about 700 feet in length by 50 in width, taxed in 1870 for \$12,000, on condition that the company would establish thereon a station for passengers, to be built by them, at

the expense of the company. The station was constructed at a cost of about \$55,000, but in the meantime the passenger-station at the old site had been rebuilt at a cost of about \$130,000. In order to avoid the supposed inconvenience of stopping the trains at the two stations, now so near together, as it had been contracted to do, the company decided to annul that contract, and at a cost of \$155,000 paid for the land and building, including cost of suit. Unfortunately, in 1873, by order of the president, the station building, valued at \$55,000, was thereupon demolished, and the *débris* sold for \$1,500, leaving the company, at a cost of \$155,000, simply the ownership of the land, which had been originally given to it. The company expended, in Lynn, for station purposes, about \$500,000, sinking thereby over \$800,000, and arousing a feeling of discontent and opposition which has culminated in the opening of a competing road to Lynn, the success of which, however, is somewhat problematical." What was it about this change of the station in Lynn; was it in 1873, when Mr. Wooldredge was president?

A. I know that one object set forth for the purchase of the land, was to secure a place on the south side of the road for freight purposes; it seemed to be necessary to run trains up there for the delivery of freight, etc.

Q. Did you make inquiry, to know about the value of the land? It appears by Gen. Lawrence's report, that it was then taxed for \$4,500, and since taxed for \$20,000.

A. I never made any inquiries about it; I never talked with any persons on the subject at all. It seemed to strike the directors very favorably, on the proposition for the location for a new station; but there was a great opposition made afterwards by the owners of real estate around the old station; and then there were some mistakes in the building of the new depot,—in the grade, etc.,—so that it was not considered safe to use it; and then there was a great complaint made about stopping part of the trains there, because it led to a detention of all the trains on the line; and the whole thing was an unfortunate matter.

Q. You own no land in Lynn?

A. Never owned a foot.

Q. Never had any interest in the matter?

A. Not the slightest.

Q. Doesn't it seem extraordinary, now, that the directors of the Eastern Railroad should have authorized this purchase of the property at so large an amount of money?

A. I have not a question of the perfect integrity of the directors, in regard to the price paid for the property.

Q. Doesn't it occur to you that somebody else, as between the owners of this land and the railroad, might have made a profit which might have been prevented, to a certain extent, if a full and fair investigation had been made.

A. Yes, sir. I never made any investigation, myself, as to the price; I do not know as any director did; but I recollect that Mr. Brown, president at that time, went down and looked at the locality.

Q. Have you any recollection about the order for the demolition of the structure?

A. No, sir; I have no recollection of it at all.

Q. And since that time, you have had no special knowledge on the subject?

A. I have had no knowledge on the subject, I am afraid, sir.

Q. I mean, so that you can speak from your own knowledge?

A. No, sir; it was one of the unfortunate purchases of the road; I do not doubt that it was done with the best of intentions.

Q. (By Mr. OSGOOD.) One single question: when that land was purchased, it was proposed to dispense with the other station in Lynn?

A. No, sir; it was done in order to satisfy the two parties in Lynn. It was said there was a majority of the inhabitants in Lynn who wanted the station on this land that we purchased; and it was to gratify them, in part, that the purchase was made.

Q. And the road still intended to retain the station?

A. Yes, sir; I think that was the intention.

Q. (By Mr. THOMAS.) Is it or not so, that the people of Lynn never became reconciled to this, and in consequence of the want of satisfaction did you try to meet it, and afterwards they constructed this narrow-gauge railroad?

A. I think that narrow-gauge railroad was constructed with a view to a land speculation.

Q. It has been suggested that it was done because the people of Lynn were dissatisfied with your road, and that they patronized it pretty largely on that account?

A. I think the great object of the Eastern Railroad, in spending so much money at Lynn, was to meet the wishes and views of the Lynn people. I think great efforts were made on the part of the directors of the Eastern Railroad to satisfy the people of Lynn.

Q. Now, I suppose you have no personal knowledge of the liabilities of this road?

A. I have no reason to distrust the statement about the \$15,000,000, in the aggregate.

Q. You have a general knowledge of the property of this road; something more than a general knowledge of its liabilities?

A. Yes, sir.

Q. Then, I wish to ask this question, What is your idea about this road going on and meeting its liabilities under the proposed bill; I mean the bill now before the legislature?

A. I think the road will meet with success under that bill; I think it is the only programme that probably can be got up that will insure success for the Eastern Railroad; I think that the earnings of the road will be sufficient to meet, perhaps, the interest on these bonds, and by and by pay a large interest to the stockholders.

Q. Well, now, do you not, then, expect a considerable increase from the income of this road from what the income was last year?

A. I see no reason why we cannot, with propriety, anticipate an increased income, as the business of the country must come up. I have no

doubt that, in the course of a few years, the increased business of the road will increase largely its income and profits; but the great saving that is to be accomplished is in cutting down the expenditures of the road, so that the net income, I do sincerely believe, will be sufficient to meet the expenses of the road, and pay the interest on its debt.

Q. Well, the interest on this debt, wouldn't it be about \$1,050,000?

A. Does that include the leases and rents?

Q. That includes all that is down here under the item of debt, and the interest on that would be about \$1,050,000?

A. Yes, sir.

Q. That would be the interest on this debt; now, when you come to take the net earnings, taking the receipts and expenditures as put down in this report from the passengers, freight, express, mails, and miscellaneous expenses, amounting to \$2,787,000, and with the expenditures for passengers, locomotives, trains, station agents, rents, etc., you have then only \$566,186 to pay interest on, anyway. That is based upon the actual facts of last year. You have, Mr. Haven, the receipts and these expenditures which I have read, which leaves \$742,102.71 net income over the operating expenses. Then, you have the rents of the other companies,—the Portland, Saco & Portsmouth, the Dover Branch, the Wolfborough Branch, the Newburyport Street Railroad, amounting to \$175,916, which you can take from the \$742,102.71, and then you have left, as net income, above the operating expenses, etc., \$566,186.71. Now, at seven per cent., on this debt of \$15,000,000, you would have to pay \$1,050,000, and have got only a little more than a half of that to pay it with?

A. I think the operating expenses of the road will probably be reduced hereafter, fuel and labor, etc., being cheaper than they have been; and I think that the income of the road—the gross receipts of the road—will be greatly increased by the increased business of the country. I think it is sure to come; it is only a question of time.

Q. I ask this question, because we know that Mr. Haven has been in a situation to know, perhaps, more than the most of us, about the general business of the country; and I ask you, Mr. Haven, now, your candid opinion on this question?

A. I do not know that my opinion is worth much, or the opinion of anybody, at this time of extreme depression; but I feel very confident that the business of the country must come up, and the prosperity of this road will again be resumed. I do not know of any possible plan better than this bill, that is suggested.

Q. I want to ask you this, Mr. Haven, independent of any interest you have in it: whether you think it would be more satisfactory to the stockholders and to others, if, instead of the stockholders choosing three directors, and the bondholders three, and the trustees three, the stockholders were to choose four, and these eight choose the ninth man?

A. Perhaps it would be to the stockholders; I do not see any objection to giving the stockholders the right to choose four and the bondholders four; I do not think it a matter of great consequence, either way.

Q. Don't you ? don't you think there is an objection in the public mind, to trustees appointing directors ?

A. I think it is quite as well that they should not ; I see no objection to giving the stockholders the right to choose four.

Q. It was stated at the general meeting of the stockholders, that the Messrs. Barings, of London, had bought these bonds ?

A. I understood it, until I was informed otherwise.

Q. Did the Barings buy, or didn't they buy ? did they take this stock to sell for the company, or did they buy it ?

A. They took it to sell ; they didn't buy ; it was equivalent to their buying it.

Q. Why ?

A. Because they never introduced any securities in the London Exchange without being sure that the securities would sell.

Q. That is to say, they never take any stock in which they have no confidence ?

A. Yes, sir.

Q. But, supposing they had taken stock in this road, and suppose, before they disposed of it all, they had lost confidence ; wouldn't they have the right to return the stock to you ?

A. The arrangement with the Barings was this : The bonds were sent to them, to a certain amount ; they were to have the negotiation of \$2,000,000 or \$3,000,000 of bonds, and, to meet the emergencies of the road, they were willing to advance £100,000, or half a million dollars, and they did so advance it. It was some weeks after they had made that advance, before they were prepared to introduce Eastern Railroad bonds into the market. They then opened subscriptions, recommending the bonds to their friends ; and when they found they had sold the larger portion of them, and enough to satisfy themselves that the whole would be taken, they put them on the market, standing ready themselves to take the balance.

Q. That would be the way any brokers would manage them ?

A. They didn't become owners ; they advanced £100,000, and it was some weeks before the Eastern Railroad received intelligence that the bonds would be taken, and meantime they were put on the market, of course. Then the bonds were considered as disposed of ; they would take the balance themselves, because it is a principle with the house never to put any security on the market that will fail.

Q. Isn't that the principle of every house in Boston of integrity ? it would be your principle ?

A. It is the true principle ; it is the principle of every man of integrity ; and the action of the Barings in paying the interest on the bonds they introduced into the market, I think, is a magnanimous action.

Q. That is good between them and those to whom they sold the bonds ; it is not between them and the Eastern Railroad ?

A. No ; but it is highly creditable to them, and that act is not without its influence upon the legislature, or upon our friends here ; it is an honorable act on their part.

Q. I won't discuss it; they couldn't have done much less, and be honest, could they?

A. Well, perhaps not.

Q. (By Mr. WILLIAMS.) What is the usage in the English market in cases of this kind; in your experience, did you ever know this to be done before?

A. No, sir; I do not know that I can call to mind any similar case.

Q. Did you know it to be done, either here or abroad?

A. I do not know any instance in which it was done; still, as Mr. Thomas has said, it was matter of honor and honesty; they were not bound to do it.

Q. (By Mr. WILLIAMS.) I suppose most of the large issues, here or in England, are placed through such houses as this?

A. Yes, sir; but it is not every house that will agree to take all the bonds, as in this case, and sell as many as they can.

Q. (By Mr. THOMAS.) I would like to ask a single question: the net income of the Eastern Railroad for 1874 was returned to the commissioners as \$988,000; have you any means of judging of the accuracy of the accounts by which that was made up?

A. No, sir; I did not myself investigate the accounts, but I know that Mr. Hooper did: he went carefully into them, as much so as he could during several days, and he gave me the statement that it was all right.

Q. That must be the year previous—1874?

A. It was in the fall of 1874.

Q. There was a question raised then, how the interest upon the Charlestown property should be charged—whether to the investment or to the current expenses of the company?

A. I cannot say how it was done.

Q. (By Mr. WILLIAMS.) In your experience of the Eastern Railroad business management, have you ever seen anything that led you to doubt that that was a correct statement, and the net receipts for 1874 were in the neighborhood of \$1,000,000?

A. I had no reason to doubt it; I put confidence in the officers of the corporation. I always questioned the treasurer about it, and he assured me it was correct. There is this question: if the interest upon the Charlestown investment of lands—a couple of million dollars—was charged to the investment, and the interest not taken out of the profits—that might present an undue amount.

The CHAIRMAN. That may be an important point to know.

Q. (By Mr. THOMAS.) You know but little about these lands at Charlestown, whether they could be sold?

A. They could not be sold at present; that would be out of the question.

Q. So that the fit way, in your judgment, would be to retain them for the present?

A. I think so, decidedly; then, at the proper time, to fill up the lands, which can be done at a very small cost, and get them ready for the market.

Q. If you were going on with the business, I suppose your corporation might get the gravel and fill them themselves.

A. Yes, if they could get the gravel, I think it could be done. You are aware, sir, that real estate is extremely depressed. The Commonwealth, now, has not attempted to make a sale of any lands upon the Back Bay since the great fire of 1872; not an attempt has been made to sell any lands.

Q. I am aware that a great many estates, as Brother Shattuck knows, are advertised for sale under powers of mortgage. The "Traveller" has something about them every Wednesday?

A. Still, I have no doubt that the great interest will in the course of time—the question is only how long—come up again.

Q. Do you think the road will pay under the new arrangement?

A. I think so; that is my judgment.

Q. And deposit something in the sinking fund?

A. I think so; perhaps I am more hopeful than I should be. I think that this extreme depression in the business of the country must give way, and prosperity must come again to the great business interests of the country; if not this year, next.

Q. I will ask one question, and that is, When did you first learn, and from whom, that this railroad was constrained to stop payment?

A. Well, on the morning of the first of December last, the president of the road applied to me for a loan, to enable the company to pay its interests. They would have stopped then, had it not been for the friends and directors of the road. I made a loan at the bank, to the Eastern Railroad, of \$30,000, on that day, for the purpose of paying the interest on the securities of some of the directors, personally; and in order to secure them for making this liability, a transfer was made of Maine Central shares to the bank. Mr. Parker, I think, helped about it; some \$50,000 or \$60,000 was necessary that day, to pay the interest, or the road would have to fail, inevitably, at that time; indeed, prior to the negotiation of the sinking-fund notes, the road was in a bad way.

Q. Well, pardon me; I have led you away from the inquiry: Mr. Wooldredge was one of these directors, and, with you, was active in raising money to meet these wants?

A. Yes, sir.

Q. Now, whether anybody else, who was a director, by any act which came to your knowledge, precipitated or hastened this failure?

A. Not to my knowledge.

Q. Were you informed that anybody had done anything which led to the explosion?

A. No, sir.

Q. Never had any intimation?

A. No, sir.

Q. (By Mr. SHATTUCK.) Then, I understand that you approved of the purchase of the lands in Charlestown, did you not?

A. Yes, sir; I think the vote was unanimous.

Q. You approved the application to the legislature for authority to buy them?

A. Yes, sir.

Q. And were not those purchases for the purpose of accommodating the business expected from the Maine Central, and from the long line between Boston and the East?

A. That was the purpose of the purchase.

Q. You know at that time it was the policy of the legislature, and the States generally, to consolidate great lines of railroad for the purpose of economy?

A. Yes, sir.

Q. You knew, also, at the time the road was purchased, that the plan was in some way to secure a connection with the Maine Central, did you not?

A. Yes, sir; that was the plan, I think.

Q. Was not the stock of the road, in the first instance, with a view to controlling the purchase, taken to a considerable amount by some of the directors and friends of the Eastern Railroad?

A. The only interest I had was in the hundred shares.

Q. But did not Mr. Hooper bring some to you and say it was supposed that the friends of the Eastern Railroad would buy up those shares, with a view to consolidation?

A. I do not know that he said that, but I have no doubt such was the general opinion of the directors.

Q. And you approved that simply—generally?

A. Yes, sir.

Q. Did you not know that some one, in behalf of the Eastern road, was buying up the stock of the Maine Central?

A. I did not know anything about it until after the panic; yes, after the panic of 1878.

Q. Most of it was bought after that time?

A. I do not know when it was bought; if you will permit me, I will state what the circumstances were, so far as I understood them. A contract or arrangement was made by the committee of the board of the Eastern Railroad with the Maine Central road, in order to establish a line for the material benefit of the two roads, and to secure the freight and passenger business both from the Maine Central and the Eastern roads. I was not familiar, myself, with the details of the contract. I cannot tell you anything about it, because I refused to serve on the committee, for the good reason, I could not give time to any such projects. I believe that such a plan—such an arrangement—was entered into with the Maine Central Railroad. It was subject to some changes, which were afterward made; I cannot tell you wherein, because I did not fully understand the plan myself, and the changes which were made; but I have no doubt, as I said to-day, that any shares of the Maine Central which were purchased, were purchased with a view to securing the perpetuity of this arrangement with the Maine Central; and I believe that when the Eastern Railroad had secured shares enough, or influence enough to elect such gentlemen to the board of directors of the Maine Central Railroad as they thought

should be there, some members of the direction of the Eastern Railroad were also to be directors of the Maine Central.

Q. Who were they?

A. I cannot tell you who they were.

Q. You voted for that contract as a director?

A. I presume I did; I have no recollection to the contrary.

Q. When did you first have a note presented you for approval, for the payment of Maine Central stock?

A. My impression is that the note was either brought in to me, or mentioned to me by the treasurer.

Q. When was that?

A. I think it was in the fall of 1873, after the panic.

Q. Did you not tell the treasurer that when he had notes to be approved for the purchase of the Maine Central Railroad stock, you preferred to have him take them to some other director?

A. I do not think I told him that he should never bring any to me.

Q. You knew, then, of course, it was a purchase of Maine Central stock?

A. I did not know whether it was a purchase, or what it was.

Q. You were on that committee on accounts of the Eastern Railroad, and also of the finance committee?

A. I never looked into the accounts, if I was on that committee.

Q. You never, when you heard of the approval of notes, made any inquiry?

A. I did not make any inquiry.

Q. You made no inquiry, and made no objection?

A. Well, I can't say that I made no objection.

Q. But you were willing the stock should be bought, and you didn't make any objection to the expenditure of the funds, but you were a little ready to have some other director take the responsibility?

A. The exact fact is, as I stated it to-day, that my attention was called to the matter in this way: I saw Mr. Ward in the bank inquiring for Mr. Hooper; Mr. Hooper was every day in the bank, when in town, and I understood from him that his object was to get some money from the Eastern Railroad on account of stock, but Mr. Hooper did not tell me it was to purchase Maine Central.

Q. Didn't Mr. Hooper write several letters to you, in which he discussed the purchase of the Maine Central stock?

A. No, sir.

Q. You knew it was going on?

A. I did not know anything about it until it was all done; that is to say, all that was bought up to 1874.

Q. You knew they were buying; you knew you were a director, on the finance committee, and you chose not to make any investigation; wasn't that the fact?

A. No; that was not the fact. I had no knowledge that the road had any Maine Central shares until the fall of 1873, and then I was informed of the quantity of shares held by Mr. Paine.

Q. Do you remember how many shares you found there?

A. No, sir.

Q. What did you do then ?

A. When Mr. Wooldredge told me that Mr. Paine held notes of the Eastern Railroad, bearing a high rate of interest, I told him it was a better way to pay the notes. I frequently stated my objections, because I knew nothing about it.

Q. Don't you recollect about the purchase of the stock—about Mr. Wooldredge coming in and consulting you about it ?

A. No, sir.

Q. Didn't Mr. Cook and Mr. Wooldredge come into the Merchants' Bank to talk with you about it ?

A. No, sir; now that you refer to that, let me state what did happen. I had never spoken to Mr. Cook in my life, but I told Mr. Wooldredge there was a gentleman in there who wished to see him; I either described him, or he left his name,—Mr. Cook, of Salem. Then Mr. Wooldredge said, "Yes, he wants to sell me a quantity of Maine Central shares." I then said to Mr. Wooldredge that I never would sanction the purchase of a share of the Maine Central road by the Eastern road.

Q. What time was that ?

A. It was about February or March, a year ago.

Q. In 1875 ?

A. Yes, sir, somewhere in 1875; I cannot state definitely; some time between January and April.

Q. Did you ever talk with Mr. Ward about purchasing this stock ?

A. Mr. Ward came to my house and had a conversation with me—I should think it was a year ago last December; it was at his own solicitation that he came. He said that there was dissatisfaction, as I understood him, among the stockholders of the Maine Central road, or somebody else, down in Maine, at the Eastern Railroad holding the stock of the Maine Central, and he thought the better way was to sell it. I told him I had always been of the opinion that it was best to sell it. That was the purport of the conversation; I mentioned that to Mr. Hooper the next morning, that Mr. Ward had been to see me on the matter, and what he had said, and Mr. Hooper said, "He has been to my house, and to see others." That was all that was said; that was the purport of what was said.

Q. When the vote was taken in May, 1875, as I understand your statement of it, Mr. Wooldredge said that they were going to act on the question of approving the purchase of the Maine Central stock, leaving out, as you say, the question of the committee of finance, and that vote to approve of the purchase of the Maine Central stock was passed, as I understand, by a silent vote—*sub silentio*.

Mr. THOMAS. He said that it was so passed.

Q. Will you state what, according to your recollection, Mr. Wooldredge said ?

A. According to my recollection, he said "approval of the purchase, or purchases," I do not know which. He said, "the Maine Central shares, heretofore purchased, to be approved"; nothing in the world was said about the finance committee, as approving their action, in any way;

I didn't say a word; didn't vote; nobody said a word; there was perfect silence around the table, and, if the vote was passed,—I cannot say it was not,—it was passed in silence.

Q. You didn't dissent from it?

A. I didn't say a word about it.

Q. Do you know the length of the Maine Central?

A. No, sir.

Q. Isn't it about 400 miles?

A. I do not know that I ever knew.

Q. Do you know what the amount of stock per mile was?

A. No, sir.

Q. Do you know what the debt of the road is?

A. I do not know; I did hear what it was.

Q. (By Mr. SHATTUCK.) It is consolidated,—the debt and the mortgage; I remember it, because Judge Rice called upon me to get my opinion, whether the bonds could be negotiated; the objection at the time to negotiating the bonds was, that there were certain underlying mortgages on some of the roads; there were several roads that had to be aggregated to form this one main line of road of 400 miles, and some of them had underlying mortgages, which could not be paid off at present.

Q. (By Mr. THOMAS.) Did you understand what the amount of that debt is?

Mr. SHATTUCK. It is a debt of something over \$3,000,000, and \$3,615,000 worth of stock; that is, the stock is very small; it is only about \$9,000 a mile, and the earnings of 1874 were sufficient to pay seven per cent. on the debt, and nearly six per cent. on the stock.

Q. (By Mr. SHATTUCK.) Mr. Haven, as I understand it, then, your relations to this matter were these: you knew that the purpose was, whenever there was sufficient stock bought up to control the Maine Central Railroad, to put in some of the Eastern directors as directors in that road?

A. Yes, sir.

Q. You knew, also, that a note was presented to you for the payment of stock of the Maine Central road?

A. I did not know whether it was a purchase or a loan upon that stock; that I did not inquire about.

Q. Then you told the treasurer not to bring notes for the purchase of Maine Central stock to you?

A. I did.

Q. Finally, in 1873 or 1874, you found they had purchased stock to an amount then valued at half a million?

A. That is so.

Q. You knew, subsequently, that they had purchased to the amount of \$1,200,000?

A. Subsequently.

Q. That is, in all?

A. I did not know until to-day that it was so large.

Q. Well, you were a member of the finance committee,—the committee on accounts,—and didn't know within \$200,000?

A. I didn't know within \$300,000; I had the impression that the whole amount of stock was between \$800,000 and \$900,000, until I learned it from Mr. Thomas. I never made any inquiry since I did at the meeting of the board in 1874.

Q. (By Mr. THOMAS.) Do you know, in the conduct of the business, how the income or profits are divided between the Maine Central and the Eastern roads?

A. I do not.

Q. On what rule?

A. No, sir.

Q. Do you know Mr. Cheney?

A. I do not.

Q. Did you know about the contract of the Maine Central Railroad?

A. I never inquired specially into it; I did inquire once or twice of the treasurer of the road in regard to the value of the contract with the Maine Central, and he always spoke in high terms of it, as being a great gain for the Eastern road.

Q. Did you, in this conversation, either with Mr. Hooper or Mr. Wooldredge, or with any other gentleman connected with the Eastern Railroad, ever discuss the right or power of the Eastern Railroad to purchase this stock?

A. I never did, except with Mr. Hooper; I expressed my disapprobation of the purchase at the meeting in 1874.

Q. Whether or not there was any conversation in reference to the power or the right of the Eastern Railroad to buy these shares?

A. I raised that question in conversation with Mr. Hooper more than once.

Q. When?

A. Well, as long ago as the fall of 1873; I talked with him about it in 1874.

Q. What did he say?

A. Mr. Hooper did not express any opinion upon that point, but he did express the desire to have the corporation sell the shares, and asked me more than once whether I would be one of a number, or company, to purchase of the Eastern Railroad all those shares, and then hold them for the benefit of the Eastern Railroad.

Q. Am I right, that you stated that you knew nothing about Mr. Parker being a trustee?

A. I never heard of it.

Q. (By Mr. OSGOOD.) Did you ever hear, in the division of the profits between the Eastern and the Maine Central roads, that the Eastern stock was put in at \$100 and the Maine Central at \$80?

A. I heard something about the valuation of the respective stocks, but I really don't know anything about them.

Mr. THOMAS. What was the question?

Mr. OSGOOD. The question was, whether Mr. Haven knew, or ever heard, that in the division of the profits between the Eastern and Maine Central, the Eastern stock was put in at 100 and the Maine Central at 80.

A. There was some talk about the value of the stock of each cor-

poration with a view to a consolidation, but I do not know that these things were mentioned; whether it was more or less, I do not know.

Mr. SHATTUCK [reading]. "The net earnings of all the business of both companies, after deducting expenses, all payments of interest, taxes, salaries, the rents of the leased roads of both companies, and all other authorized disbursements, shall be divided between the two companies, so that the Maine Central Railroad Company shall receive for dividends four-fifths as much for each share of its stock as the Eastern Railroad Company receives for dividends for each share of its stock and that of the Eastern Railroad of New Hampshire and the Portsmouth, Great Falls & Conway Railroad. And whenever a consolidation of these companies can be legally effected, it shall be done upon the basis of values above stated, a share of the Maine Central stock being put into the consolidated corporation at four-fifths of the value of a share of the stock of the other railroads above named." This was ratified by the stockholders of both companies. It was signed by Mr. Lothrop for the Eastern Railroad Company, and by Mr. Rice for the Maine Central. It is dated the tenth day of June, 1873, and is found in the thirty-ninth annual report of the Eastern Railroad Company for the year ending November 30, 1873.

TESTIMONY OF JOHN WOOLDREDGE.

Q. (By Mr. THOMAS.) When did you first become a director in the Eastern Railroad Company?

A. In 1872.

Q. When, sir?

A. In February, 1872.

Q. Were you chosen at the annual election?

A. I was chosen at the annual meeting of the stockholders.

Q. For the first time?

A. Yes, sir; for the first time.

Q. Did you at that time attend the meetings of the directors pretty regularly?

A. Yes, sir; I did.

Q. And you took an active interest in the affairs of the company?

A. Rather so.

Q. Where did you then reside?

A. I resided in Lynn in summer, and in Boston in winter, I think.

Q. Where was your place of business?

A. My place of business was in Lynn, and I also had a store in Boston.

Q. Had you then any business on the line of the Maine Central Railroad? Did you have any business, for instance, at Lewiston?

A. O, no; none at all.

Q. Were you interested in the transportation of merchandise over this road?

A. Not directly with the road, sir. I had my factory in Lynn, and sent my goods by express over the road.

Q. So that your contract for the transportation of your goods was not directly with the road?

A. No, sir. I do not know but at times I did, but not as a rule.

Q. What was your business?

A. The manufacture of shoes.

Q. Were you a large stockholder in the Eastern Railroad at the time of your election as director?

A. Not very large. I had, I think, 105 shares.

Q. Are you a large stockholder to-day?

A. I have, to-day, 101 shares.

Q. Did you, at the time of your election, hold any bonds of the Eastern Railroad?

A. No, sir.

Q. Do you now?

A. I hold some.

Q. That you have acquired since?

A. That I have acquired since.

Q. Mr. Wooldredge, what was the first that you knew about the purchase of these Maine Central shares by the Eastern Railroad?

A. The first that I knew, Mr. Lothrop told me that he had purchased, as he said, with the consent, or under the instruction, or with the knowledge of the finance committee. I do not remember the exact expression that he used.

Q. (By Mr. WILLIAMS.) What was the date?

A. I think that was in 1873.

Q. (By Mr. THOMAS.) What time in 1873 did he tell you?

A. I cannot fix the time exactly.

Q. Was it early in the season, or in the autumn?

A. It must have been in the autumn.

Q. In the autumn?

A. Yes, sir.

Q. Of 1873?

A. Yes, sir.

Q. Did you not say that you were elected in 1872?

A. Yes, a director.

Q. But in 1873 you were a director?

A. Yes, I was a director, but Mr. Lothrop was president.

Q. And from the time of your election, in 1872, down to the autumn of 1873, you had heard nothing of this purchase, whatever?

A. O, yes; I heard a great deal of talk about the Maine Central stock, and its purchase by individuals.

Q. Had there not been considerable talk about gentlemen of means, like yourself, as I suppose you were, purchasing Maine Central stock on their own accounts, to be used in the interest of the Eastern road?

A. There had been talk of that kind.

Q. Had you bought any?

A. I had.

Q. Under that idea, you had acquired stock?

A. I had bought, at the request of Mr. Lothrop, some stock on my individual account.

Q. What did you pay for it?

A. I think I paid 52½ or 55.

Q. About how many shares did you buy?

A. I bought 200.

Q. And held them?

A. Yes.

Q. And when this conversation took place?

A. Yes.

Q. On your own account?

A. Yes.

Q. You had bought it, not on speculation, but rather to influence—

A. The first that I heard about the purchase of Maine Central stock, was the talk that some of the friends of the Eastern Railroad ought to buy a block of it, to be divided among them, in order to secure a voice in the management of the Maine Central.

Q. Precisely. You thought that at the price Maine Central was selling,—56, or what not,—it would not be a very bad investment, and at the same time the purchase would be favorable to the Eastern Railroad? How much did you buy?

A. I bought 200 shares.

Q. Who were the gentlemen with whom you had the conversation of which you have spoken?

A. Mr. Lothrop was one.

Q. Was Mr. Hooper one?

A. I do not remember.

Q. Was Mr. Cummings one?

A. No, sir.

Q. Was Mr. Jones one?

A. I think he was.

Q. About the purchase of 2,000 shares, one-tenth of which you bought, could you not tell who the other purchasers were?

A. Mr. Lothrop bought some; Mr. Hooper bought some, I think.

Q. Do you remember any conversation you had with Mr. Haven about the purchase of stock individually?

A. No, sir.

Q. You bought, you think, for about 55, did you?

A. Yes, sir.

Q. How did you buy? Did you buy through brokers, or from persons who had stock, and wanted to sell?

A. I think I bought of Mr. Lothrop. I think Mr. Lothrop bought mine with his.

Q. How many did Mr. Lothrop buy?

A. I think about 100.

Q. Well, but you say you bought 200 of him?

A. I bought 200. I think he did not buy as many as I did. I think Mr. Lothrop bargained with somebody for my shares and his, and I do not know but for Mr. Hooper's also.

Q. Who was the party with whom he bargained?

A. I think Mr. Ward.

Q. Of course, you paid for your own shares, and, so far as you know they paid for theirs?

A. There were other parties outside of the road, I understand, bought some, too, but I do not remember their names.

Q. I suppose you bought at the same prices?

A. I do not remember.

Q. So far as you know, Mr. Lothrop took them in for the same price? He was buying them in for you, and whatever he paid Ward, you paid him? When did you part with them?

A. I hold 100 now, and I parted with 100, I think in February, 1875.

Q. That is a little more than a year since?

A. Yes.

Q. To whom did you sell them?

A. I sold them to the Eastern Railroad.

Q. What did you get?

A. I got 62½, the average price that was paid. I sold 100 only. It became necessary for me to sell, and the road was buying. The idea of the company, at the time, was to get enough shares to secure control of the Maine Central.

Q. Did Mr. Lothrop sell his?

A. I think not; I did not buy them.

Q. Did he sell them to the road?

A. He did not sell them to the road, because the stock was supplied by Mr. Ward.

Q. You were president afterwards. Do you not remember Mr. Lothrop transferring any stock to the road?

A. I do not now, sir.

Q. Did Mr. Hooper?

A. I think not. I think Mr. Hooper and Mr. Lothrop hold all the original stock.

Q. When you transferred your stock to the Eastern Railroad, were you its president?

A. Yes.

Q. Had Mr. Lothrop, do you remember, transferred his?

A. I think not. I think, as a matter of fact, that he holds it now.

Q. We have spoken now of purchases by individuals, who regarded the stock as a fair investment for themselves, and, at the same time, favorable to the Eastern Railroad. Mr. Haven was one, Mr. Hooper was one, Mr. Lothrop was one, and you were one. Did Mr. Cummings purchase any?

A. I do not know.

Q. Did Mr. Jones?

A. He owned some of it, but I do not know how much.

Q. Did Mr. Johnson purchase any?

A. I do not know.

Q. Did Mr. Williams?

A. I do not know whether he purchased any or not.

Q. Did Mr. Stevens?

A. I think he never owned any. I do not know positively about these things.

Q. I think I have asked you when you first heard of any new plan by which the road was to become owner of this stock. You say that some time in the autumn of 1873 you heard this from Mr. Lothrop, and at that time you had been a director a year and a half, having been elected in 1872, and it being then the autumn of 1873. He told you he had bought Maine Central stock for the Eastern road?

A. He did.

Q. He told you that he had bought it by the instruction, or with the approbation, or with the assent—which expression he used, you do not remember—of the finance committee. Is that all he told you? Did he tell you how many shares he had bought?

A. At the time, I suppose he did.

Q. You do not remember?

A. No.

Q. Did he tell you what he paid?

A. I think he said the average was 74.

Q. Then, if he bought a considerable quantity at 60, and yet the average price was 74, he must have paid pretty high for some of the rest of it. You do not remember how many he bought?

A. No.

Q. Did he tell you anything about any trustee by whom the stock was held? Did he tell you that Mr. Parker had been made trustee, and did you hear anything about it?

A. He told me that that was the way the stock was held—by trustee.

Q. Did he explain the matter to you? Let me see if I can refresh your memory. Mr. Lothrop was a lawyer. Did he give you to understand that there was any "hitch," to use that word, about the matter, by which it was necessary to make Mr. Parker trustee, for the purpose of holding the stock?

A. I do not remember that he said that.

Q. Did you hear of it before you heard Mr. Parker testify to it here?

A. O, yes; I knew it was held in that way at the time. I can remember events better than I can dates and times in the year. I am doing my best to remember; I want to tell everything that I know.

Q. O, certainly. Did he tell you who made Mr. Parker trustee?

A. I do not think he entered into the details at all.

Q. Did he have any document relating to the subject,—any written instrument?

A. I do not remember.

Q. When you became president, you were quite efficient, I suppose?

A. I tried to be.

Q. If there had been such a paper in existence then, I suppose you would have known it?

A. I suppose so.

Q. Do you know how many shares were held in that way, and how much had been paid for the stock thus bought, when you became president?

A. I had to pay all the money. I had to raise the money to pay for this stock.

Q. Before you were president?

A. After I became president.

Q. That is what I wanted to know about. I did not know anything about this matter of giving notes, until Mr. Haven told us to-night. I supposed that the purchase-money was paid by checks, but he said that notes were used. Tell us about that.

A. After I became president, I found that there was one lot of shares, —1,600,—on which \$50,000 had been paid. There was a contract which obliged the road to pay, on the first day of the following June, twice that sum, \$100,000, or the money paid already would be forfeited.

Q. With whom was that contract?

A. It was with Judge Rice. I think it has been put in here.

Mr. THOMAS. I did hand the Committee, or the reporter, two or three papers, and one, I thought, was signed by Mr. Rice.

Mr. WILLIAMS. It is printed in the examination.

Q. (By Mr. THOMAS.) Pardon me; that is the contract you referred to?

A. That is the contract I referred to in this case. Then there was some stock that was held by Mr. Henry W. Paine, as trustee, and there were notes given for the stock. I do not know but there may have been some money paid. There were notes given by the company, and when we paid those notes, we were to come in possession of the stock.

Q. I want this matter to be understood, and if there is to be any publication of it, I desire to have it correct. Mr. Paine had no personal interest in the matter?

A. O, no.

Q. He simply held the notes in the interest of persons who had confidence in him, and that was all he had to do with the matter?

A. Yes. I paid the notes, and the stock came into the possession of the road. That was in the spring or summer of 1874. I was elected in February, and these events followed.

Q. Up to that time, you had never been consulted as to any purchases of Maine Central stock?

A. You asked when I first knew that it was bought. There had been a great deal of talk about this stock, and various schemes had been thought of.

Q. But you, as a director, had never been asked to sanction the purchases?

A. No.

Q. Now, were you ever present at any meeting of the finance committee at which any action was taken in respect to the purchases afterwards,—before the purchase was made,—that you recollect?

A. Do you mean of this stock we have been talking about?

Q. Yes.

A. I was not a member of the finance committee before I was president of the road.

Q. I understand that the president of the road was a member of the

finance committee, *ex officio*. I ask you if the finance committee ever was consulted concerning the payment for stock, after you came in, which was purchased before you came in? If you were ever present at any meeting of the finance committee after you became president, when the purchase of this stock was spoken of?

A. My dear sir, this stock was purchased before I became president of the road.

Q. Yes; but was there not stock purchased afterwards?

A. Yes; but that was other stock.

Q. Up to the time that you became president of the road, you never were consulted about any stock before the purchase was made; what had been purchased up to that time, you had not been consulted about before the purchase?

A. I did not know that the purchase was to be made by the road; I do not want to appear to be dodging the question. That stock was purchased before I knew that the road was to purchase it, though there had been a good deal of talk about it.

Q. Your assent, as a director, had never been asked of you before the stock was purchased?

A. No, sir; not as a director; but I think Mr. Lothrop believed that I would not withhold my consent. From conversation with me, he understood that I should be in favor of buying, if a favorable opportunity could be made.

Q. He inferred that?

A. Yes; he inferred that.

Q. But there never had been any meeting of the directors about it?

A. No.

Q. Now, we have got down to the time when you were elected president?

A. Yes.

Q. Previous to that, stock had been purchased. Had there ever been any meeting of the finance committee, concerning the purchases, that you recollect?

A. The finance committee did not hold stated meetings. It was rather an advisory body, consulting frequently with the president.

Q. Was there ever any meeting of you and Mr. Hooper and Mr. Haven and another, whoever he might have been, in which it was determined by that committee that it was expedient to purchase some stock, and which stock was subsequently purchased?

A. The meetings were entirely informal.

Q. Was there ever any communication among you all?

A. The matter was talked over and agreed to, and no objection was made by anybody.

Q. Did you consult with Mr. Haven, as a member of the finance committee or with any other members of the finance committee, in respect to any particular lot or lots of this Maine Central stock, before the contract was made?

A. I do not know that I ever consulted him in the presence of any

other members of the finance committee, but it was talked over in his presence?

Q. Was it ever talked over before the purchase was made?

A. Yes, in the Merchants' Bank.

Q. What did he say?

A. I told Mr. Haven that Mr. Hooper was in favor of purchasing enough more of the stock to enable us to control the election of the Maine Central, which was to come off soon after, and did occur last March. Mr. Haven said that he did not know anything about the purchase of Maine Central stock; that the first purchase was made unknown to him; that he did not know about it until after it was made; that he had not been consulted; that he never knew about it, and did not like it. I told him that this purchase of the last stock was necessary, in order to save the money already invested; that Mr. Hooper, Mr. Jones, Mr. Lothrop and Mr. Johnson were in favor of it, and I wanted to have, as far as possible, unanimity of feeling. He never objected to the purchasing of the last lot of stock, in order to control the Maine Central election.

Q. Did he say he gave his consent?

A. He said he would not object, if the rest of the directors thought it would be for the best; but he said he did not care about knowing about the Maine Central stock. He would not object, however. I went to see Mr. Haven at the time that we bought the first lot of this stock from Mr. James T. Cook. I had Mr. Cook there, in the bank. I talked with Mr. Haven, and told him the whole story; how important it was, and how desirous some of the directors were for it; that they were afraid we should lose everything that we had invested, if we did not do it. I hated to be forced to do it, but I saw no other way to save the property. I told Mr. Cook that Mr. Haven would assent to it; that he would not object to it, though he did not wish to have much to say about it. We then went to the Quincy House, and talked the matter all over. I knew how Mr. Hooper and Mr. Lothrop felt about it.

Q. Who was Mr. Cook?

A. He lived in Salem; he was a director in the Maine Central, and held nearly 2,000 shares of its stock.

Q. Was it his own?

A. He had the control of it, certainly.

Q. Do you know what he paid for it?

A. I do not know; I heard that he paid something over 70, I think.

Q. That he did?

A. Yes.

Q. Do you know of whom he bought the stock?

A. No.

Q. How many shares did you buy of him?

A. One thousand nine hundred and thirty-seven.

Q. For how much?

A. One hundred and thirty thousand dollars for 1,937.

Q. How much is that per share?

A. That is about 67.

Q. How did you pay him?

A. The agreement with Mr. Cook was this: that we would give him a note on the Eastern Railroad for \$30,000, and if we obtained enough—

Mr. SHATTUCK. Here is the agreement in writing; perhaps it had better be put in.

WITNESS. It was approved by Mr. Johnson, Mr. Jones and myself; the reasons why we are obliged to purchase this stock—

Mr. THOMAS. Well, never mind about that now.

Mr. SHATTUCK. Perhaps it is better to receive it now.

Mr. THOMAS. I thought it would be better to keep the thing clear as we went along; the reason might relate to the cause of the original purchase; but go on, just as you have a mind to.

WITNESS. After the first lot of stock was purchased, the lot, a portion of which was held by Mr. Parker—

(By Mr. THOMAS.) Now, when did you first know he held it as trustee?

A. I cannot tell.

Q. What was the object?

A. I do not know. That was simply Mr. Lothrop's way of holding it.

Mr. SHATTUCK. If you will let me read, I will tell you. "Brice's Ultra Viries" says: "A corporation may deal in shares of other corporations without express powers so to do, provided the nature of its business be such as to render such transaction conducive to its prosperity." Then follows: "When a company purchases shares, it is very generally transferred into the name of a trustee for themselves."

WITNESS. I was not a lawyer, sir.

Mr. SHATTUCK. This is authority on the subject.

Q. (By Mr. THOMAS.) You found that arrangement existing, and you did not disturb it?

A. No; Mr. Lothrop had bought a lot of stock, for the purpose of obtaining control of the Maine Central, and, as they told me, in order to get rid of a contract which was bearing heavily on the road.

Q. (By the CHAIRMAN.) Was this the first lot?

A. Yes, this was the first lot. Then it stood in this way: There were friends of the road—myself, for instance,—who held 1,000 shares, and agreed to work for the Eastern Railroad in the election of Maine Central directors. An amicable arrangement was made with parties in the Maine Central, and we went down to the meeting, and chose a board of directors who ratified what was called the contract of 1878.

Q. After the annual meeting?

A. Yes.

Q. And you prevailed?

A. Yes. This contract had been made and agreed to by the directors of both companies, and had been ratified by the stockholders of the Eastern Railroad. It had not been ratified, however, by the stockholders of the Maine Central. We went down with other friends of the Eastern Railroad—

Q. And colonized Maine?

A. We went down to the annual meeting, and, after some discussion the night before the meeting, we agreed upon a board of officers, and everything was supposed—

Q. To be cut and dried?

A. To be all right. We went in and ratified the contract by a vote of 30,000, only about fifty voting against it.

Q. That was a pleasant election!

A. It was a pleasant election. It was supposed then that we had everything arranged all right. But before the summer of that year had expired, a majority of the gentlemen who composed that board of directors got together, unbeknown to the others, and they agreed to break the contract made between the two roads, and make another for the Eastern and Boston & Maine, and let the Eastern take it if it wished.

Q. In fact, they sold you out?

A. Yes. After the Eastern Railroad had spent this large sum of money in the purchase of land to take care of the Maine Central business; after it had bought this stock at the desire of the Maine Central, the Maine Central wanted to turn round and let the Boston & Maine have half the advantage. There seemed to be nothing to be done to save the large amount of money already put in—to enable the Eastern Railroad to utilize the large lot of land that had been purchased for the purpose of affording facilities for the transaction of the increased business—but to get enough stock into the hands of the Eastern to insure the control of the next meeting of the stockholders of the Maine Central, and put in a board of directors favorable to the Eastern.

Q. The short of it was, that it was expedient to turn the present board of directors out?

A. Yes; and thereupon we got the stock with which to do it.

Q. That stock was bought of Mr. Cook?

A. The first of that stock was bought of Mr. Cook; but in buying Mr. Cook's stock, we were obliged to run over from one board of directors to another.

Q. I want to know if you bought any stock of these directors through Mr. Cook?

A. No; we only bought of Mr. Cook.

Q. Did he buy of them?

A. This was all his stock; he voted with it for us.

Q. Then you had his favor?

A. Yes; but he was bound to sell his stock. He said: "I have been with you, but I may not remain with you unless you buy my stock."

Q. When this contract was broken, and one with the Boston & Maine and the Eastern substituted, he said: "I shall sell out my stock to you or to the Boston & Maine."

A. He did not mention the Boston & Maine.

Q. But he meant it?

A. He was always a friend of the Eastern Railroad.

Q. He was a friend of himself. If the Boston & Maine had offered him a dollar more, or fifty cents more, per share, than you did, he would have been their friend?

A. Perhaps so. Here is the bargain between us.

Q. Perhaps you can state it briefly, instead of reading it. You made this bargain, and bought, how many shares?

Q. A. Nineteen hundred and thirty-seven.

Q. Did you give him money?

A. No; we gave him notes.

Mr. MOSELEY. Perhaps it would be better to have the contract read.

WITNESS. I find that this is the receipt. The contract was made January 11.

Q. (By Mr. THOMAS.) You made that with him directly?

A. Yes.

Q. He was then the absolute owner of the stock?

A. Yes; so far as I know.

Q. You knew that because he voted with you at the election, the stock was his?

A. I never examined the books.

Q. That was your impression?

A. Yes; I had no doubt about it. The bargain was, that he was to have the note of the company for \$30,000, and if we carried the election we were to take his 1,937 shares by paying him \$100,000 more. But if we did not carry the election, we were to refuse to take the stock by leaving the \$30,000.

Q. Did you carry the election?

A. We carried the election.

Q. What did you pay him finally?

A. We took the shares, and paid him \$130,000.

Q. In money?

A. In notes.

Q. Are they all paid?

A. No; I think some of them are not.

Q. Who holds them?

A. I do not know, sir.

Q. Do you know how many are outstanding?

A. I do not remember. I do not know what may have been paid since I left the road.

Q. What interest were you paying on them?

A. Seven per cent.

Q. Did you give him any security, or simply the notes of the company?

A. We gave him notes, with the promise to give him security, if he should call for it.

Q. Which he did not do?

A. Not then; but afterwards the board gave him security.

Q. What was it?

A. Ten years' coupon-notes.

Q. O, only the promise of the company; but they had no indorsement?

A. No.

Q. At that time, how many shares had you that you procured from Mr. Rice?

A. When this was done, we had the original stock which was bought of Mr. Lothrop, and these 1,937 shares.

Q. What about the stock you bought of Judge Rice ?

A. I told you about that,—the 1,600 shares.

Q. What did you pay for them ?

A. Par was paid for them.

Q. Was that under a contract ?

A. I think so ; the contract is here.

Q. How much have you outstanding now, due Judge Rice ?

A. I do not know. I do not know what has been done since I left the road.

Q. You were not a party to this purchase ?

A. No ; I did not know anything about it. I was astonished when I heard that it had been made.

Q. What astonished you ?

A. The price astonished me. I thought it was high.

Q. The stock that had been purchased previously, you had nothing to do with ?

A. No. As a matter of fact, I do not know whether the Rice stock was bought before or after the rest of the stock.

Q. When did you transfer your stock ?

A. There is some stock which has not yet been transferred.

Q. You carried the election, and took the stock of Mr. Cook ?

A. He was to vote with us ; and if we carried the election, we were to take it, or lose the \$30,000. First, we made an arrangement with Mr. Ward, who was to sell us 2,000 shares of stock at 65, or 4,000 at 60. If he sold us 2,000 at 65, he was to agree to vote 2,000 more in our favor at the election ; or, if he chose, he was to turn in to us 4,000 shares at 60.

Q. That did not give you enough to satisfy you ?

A. No ; we knew we could not carry the election with that alone ; but I felt that if we got that, we could get the rest. This stock was held, as a rule, in large blocks. There was one gentleman in Maine who held 3,000 shares ; but it was thought by some of the directors who were working in this thing, that it would be a good plan to buy this 3,000 shares, and that would get him out of the way, and secure the stock to us. He was always opposed to it, it was supposed. An attempt was made to buy ; but he would not sell for less than 75. I think it was intimated to me, that perhaps if we said 70, the stock could be bought ; but he would not budge. There was then some thought of getting a market, and selling out all our stock. It was discussed, whether or not it would be better to sell or to hold stock, and it was decided not to sell. I was in favor, for a time, of selling, if we could get 65.

Q. What could you have sold for ?

A. I think for 60, and perhaps for 65. For a time, I thought that perhaps it was best to sell, because I felt that the load of debt was heavy. But then, looking the matter over, I thought it would not do to sell it. We had all the property bought for the express purpose of doing this business, and the rest of the directors were opposed to it. Then, finding we could not get the stock of this gentleman for less than 75, we made this bargain I tell you of with Mr. Ward.

Q. He was a director ?

A. He was a director, and one of the parties that held the stock largely. Many of the stockholders, who were friends of the Eastern Railroad, and who had bought their stock because they were induced to do so by the directors and friends of the Eastern Railroad, had got tired of holding it, and felt a desire to sell, and I found that Mr. Ward controlled it, and I tried to buy some of that stock; so I inquired, to see whether it could be bought, and I found that Mr. Ward, in fact, could control it; then this bargain was made with him, and he turned it in to us something over three thousand shares, for which, as he turned it in to us, we paid down \$60 a share, and gave him the money, after we went down and carried the election, as we did, carrying twenty-two thousand votes, and owning but five thousand shares. We went down with Mr. Ward's friends, and all that Mr. Ward could do for us, and all our friends could do, was done, and we carried the election very satisfactorily indeed.

Q. Triumphantly?

A. Triumphantly; and we carried it, having twenty-two thousand shares of stock cast for us. I think it was then we made a final settlement with Mr. Ward, and instead of taking the four thousand shares,—which we didn't want to do,—or have him take back any portion of what we had got,—which we didn't think was fair,—we settled with him for \$5,000; so that, in fact, the stock we bought of him cost us \$60 a share, and \$5,000 was paid to him besides. That is, he turned it in to us at \$60 a share, and then we paid him \$5,000 additional.

Q. Do you know how much he made out of this purchase, in all; including the \$5,000?

A. I don't think he made a dollar out of it, but lost money by it.

Q. Did he buy any of that stock of you?

A. No, he did not.

Q. Did Mr. Ward ever buy any of that stock of any director?

A. I don't think he bought a share, sir; not a share.

Q. Do you know of any director, or other officer of the Eastern Railroad, that got any profit or commission out of this stock?

A. No, sir; I don't believe that a man got any profit, or any commission—not a dollar—anybody; never saw any desire for that.

Q. What profit did you make on these shares which you sold,—in the aggregate?

A. I had mine about, I think, three years; they cost me either \$54½ or \$55; I sold them for \$32½.

Q. Did you get any dividend, at any time, from the Maine Central Railroad?

A. No, sir; the Maine Central Railroad never paid a dividend.

Q. Never has paid one yet?

A. No, sir.

Q. (By Mr. SHATTUCK.) Less than seven per cent.?

A. Yes, sir.

Q. (By Mr. THOMAS.) You sold it to the company, when?

A. I sold it at the same time we bought the stock of Mr. Cook and Mr. Ward; at the time that stock was being bought?

Q. That was before the last election?

A. Yes; I will explain that matter by saying that 100 shares of stock I was bound to sell; I needed to sell it; there were reasons why it was necessary to have it sold; and I would rather the Eastern Railroad have it than anybody else.

Q. Now, did Mr. Hooper sell his?

A. I think not, sir, to my knowledge; I think that his estate has it now.

Q. Mr. Lothrop sold his.

A. I think not, sir; never heard of his having sold it; I believe that he sent us his proxy from Europe to vote on at that election; I think he did; I think I wrote to him for it.

Q. Well, do you hold, practically, a working majority of the stock, together with friends, now?

A. This road?

Q. Yes; when I say you, I mean the road.

A. Yes, sir.

Q. The road sold some two thousand and some odd hundred shares; a few shares over 2,000?

A. Perhaps I had better explain, and tell why. The first thing that alarmed the directors of the Eastern Railroad, in regard to this matter, was, after the directors of the Maine Central Railroad had broken this contract with us, they suddenly seemed to awake to the fact that there might be a new board of directors chosen; and the first thing that I knew, there had been a meeting of some of those gentlemen, and they undertook to get a majority of the board to agree to issue 14,000 shares of stock in the Maine Central Railroad,—which they have a right to issue under their charter, whenever the directors think it is necessary, or see fit,—and take it to themselves, and thus continue themselves in favor, and manage the thing just as they saw fit; and after having unloaded themselves of their stock, and having the Eastern Railroad come in and help them, and after purchasing all this land, it seemed to us—those who knew about it—that it was something which was not right, and which we were bound to defend our constituents against. That was the reason why the thing was done; and I was very sorry to be placed in any such position, because the carrying of the debt was fully as much as I wanted to do, and I didn't like to have to do it.

Q. Did you ever own any stock in the Portsmouth & Saco?

A. No, sir. I never owned any stock there; but the Eastern Railroad owned some stock there; and there were two shares, I think, put in my name when I was elected president of the road, in order that I might be a director in that road.

Q. Did you ever own any bonds in that road?

A. There are no bonds in that road, sir.

Q. Well, bonds that were issued by the Eastern road?

A. No, sir; never held one.

Q. Well, bonds of the Portsmouth, Great Falls & Conway Railroad?

A. I bought 25,000 of these.

Q. When?

A. At the time when they sold at \$80. I bought them, not because I wanted them myself, but because I wanted the Eastern Railroad to have the money.

Q. When was that—after you were president?

A. Yes, sir. I, myself, took the responsibility of inducing people to buy these bonds at \$80; I worked months before I could get anybody to buy one, and I think I took mine about June. Mr. Hooper took his—

Q. June, what year?

A. June, 1874.

Q. Yes; you were elected president in February; it must have been 1874?

A. Yes, sir. We had these bonds on hand; the Eastern Railroad had put a great deal of money into the Portsmouth, Great Falls & Conway road.

Q. Didn't you know they had been sold in the market, at Boston, at a much larger price?

A. I don't remember about that, sir; but after the panic, I have no recollection of Conway bonds selling at such a price; there may have been a few thousand dollars sold after that, but \$50,000 would have put the market down, I don't know where.

Q. You took some at \$80?

A. Yes, sir.

Q. What did you do with them?

A. I kept them quite a time, and then sold them.

Q. When?

A. I sold mine on an average of about \$81½; I sold some for \$80.

Q. When did you sell the last?

A. I think I sold them some time early in 1875.

Q. Got none now?

A. I have got none of these now; no, sir.

Q. Ever had any of the bonds of the Eastern Railroad?

A. Never had a bond of the Eastern Railroad.

Q. (By Mr. SHATTUCK.) You had better state, I think, now, for convenience, about that sale; to whom were they sold, and how many of them were sold?

Mr. THOMAS. What, of these bonds?

Mr. SHATTUCK. Yes; you may state that; to whom were they sold?

A. Mr. Hooper took \$100,000 worth; and perhaps it is well for me to say this: that I was urging Mr. Hooper, from the time I went in until the sixteenth day of June, to do something about these Conway bonds. Mr. J. B. Brown, of Portland,—I finally induced him to take \$25,000; I was in hopes to get him to take \$50,000; but—I saw him four or five times before I could get him to do it—he finally concluded to take \$25,000, which he did. I got Mr. Jones to take \$30,000. I wanted Mr. Haven to take some, but I think Mr. Haven didn't take any.

Q. He said he didn't, I think.

A. And there were some that were sold at the time when we were paying— We had \$750,000 of bonds come due the first day of August,

1874, and there were some few exchanged for them at \$80; we offered to exchange.

Q. By the way, you placed these bonds, to a certain extent, among your friends; did you also put them into the hands of some broker? didn't you send them to Mr. Brewster?

A. I think not; never did, sir; if he had any—

Q. Didn't Mr. Parker put them there?

A. I am not sure; I don't think he did; if he did, they didn't sell any.

Q. Well, did you put them into the hands of any other broker?

A. No, sir; I don't think any other broker had any.

Q. If Hawes & Henshaw had any, where did they get them?

A. I don't know, sir; I don't think they had any; it is possible they might have had some, but I don't think they had any.

Q. Day & Cobb—didn't they have some?

A. I don't think they did; I should not like to say, positively; but I think not.

Q. Did you try to put them on to the board of brokers?

A. No, I think not; we wanted to sell them; we didn't want to break the market down.

Q. Well, break the market down; you didn't offer any, did you, in 10s or 20s?

A. Yes, sir; we sold some in 10s and 20s. Our idea was to sell them in large amounts, as small amounts of money would not help us much.

Q. You needed to raise a good deal of money, then?

A. Yes, sir.

Q. Did you have any agency in these transactions at Lynn, which have been inquired of?

A. That was all done before I was in the road.

Q. All done before you were a director?

A. Yes, sir.

Q. Did you have anything to do with the taking of the mill-pond lands?

A. That matter of the mill-pond lands was arranged—that is, there were bonds for all those lands which were held by the company—before I was a director in the road. It came up, I think, pretty soon after I was a director, in a meeting of the board, as to what should be done.

Q. Did you make any negotiation about it?

A. I made no negotiation about it, sir; but, if I remember correctly, I was on a committee to report to the board in regard to the taking of the mill-pond, under these bonds.

Q. You had nothing to do with the settlement for the lands?

A. I had nothing to do with the settlement at all, sir?

Q. Made no prices?

A. Nothing at all.

Q. Had you anything to do with the Austin Street lands?

A. Nothing, except to pay for them.

Q. Did you make the bargains on the settlements?

A. The bargain for the settlements?

Q. Yes.

A. I did some.

Q. Who with?

A. I think I settled, personally, with Mr. Stearns, the president of the Fitchburg Railroad.

Q. Yes; anybody else? Do you know of anybody connected with the Eastern Railroad there that made any profit, or had any commission, out of either the mill-ponds lands purchase, or the Austin Street taking?

A. No, sir; if anybody made a single mill, they made it without my knowing it. I don't believe anybody made one single mill.

Q. You never made anything?

A. I never made a cent, sir; and I don't believe any director of the Eastern Railroad made a dollar, or thought of making a dollar.

Q. You had nothing to do about the settlement of the lands at the mill-pond?

A. No, sir; nothing to do with the settlements at all.

Q. The Boston & Maine Railroad; anything to do with that,—this location over here at the depot,—that was before you were in, wasn't it?

A. That was taken under a law.

Q. Yes, so I thought.

A. Mr. Lothrop, if my memory serves me, had that law passed, and I think the counsel for the road took the proper steps to take that. I paid for it.

Q. Yes.

A. And I think it was after I was president that the price was settled; it was settled by referee.

Q. (By Mr. SHATTUCK.) Settled by referee?

A. Yes, sir.

Q. (By Mr. THOMAS.) Wasn't there a large expense connected with that? Some inquiry was made of Mr. Parker about that expense, and he said there was.

A. With the settlement?

Q. With the settlement or the taking or both; or the getting of the Act passed by the legislature?

A. I don't know, sir; that was not in my administration.

Q. Well, I didn't know but that you paid the bills, and therefore would know about that expense?

A. I don't remember, sir.

Q. Don't remember?

A. I don't remember it; all the bills that ever I paid are in the office.

Q. About the bills; it was your custom, as president, to approve the bills, was it?

A. It was my custom to approve the bills, after they had been approved by the proper officers, to whom they were handed before they came to me.

Q. Mr. Wooldredge, were you present when \$5,000 additional was voted to Mr. Lothrop?

A. Yes, sir; I think I was.

Q. What was that voted for? He had received and taken his salary, which was about \$8,000 in the aggregate. What was the \$5,000 paid for?

A. I cannot say, any more than what the vote expresses, sir.

Q. And that, I suppose, or should guess, expresses that the treasurer be and hereby is authorized and directed to pay Mr. Lothrop \$5,000?

A. Well, "For extra services," I think it said.

Q. Extra service; what had he done extra?

A. I don't remember, sir. If you turn to the record, you can see.

Q. Well, what had he done extra?

A. Well, he had probably done law business, and it was thought, perhaps, his salary was low.

Q. Low for what?

A. For the services which he had performed. I don't know any other reason why it was done.

Q. Was there any discussion about it?

A. No, I think not; I think it was offered by one of the directors.

Q. Who offered it—what director?

A. I don't remember now, sir; I suppose the record tells.

Q. It was passed?

A. It was passed.

Q. And Mr. Haven, and all the other directors were present?

A. I don't remember; the record tells who were present.

Q. Some question was asked about your salary; was that fixed before you went in? What was it about that?

A. My salary— I told — my salary was fixed, so far as I was concerned, by —; it was understood by me that my salary was agreed upon by the directors, or a majority of them; and it was agreed between Mr. Lothrop and Mr. Hooper, and they had the talk with me.

Q. They suggested to you to come in?

A. They suggested to me to take the presidency of the road. Mr. Lothrop's health had broken down, and he first spoke to me about it, and told me that he wanted me to say that I would take the presidency of the road, and I refused to do it; and he urged me for weeks—three or four weeks—to take it. I talked the matter over with him, and told him that I could not; that I did not want it; that I was not a railroad man. Mr. Hooper came, too, and I had a great deal of talk with Mr. Hooper, and he did with me; and he sent for me, and talked with me about it a good many times. Finally, I insisted upon it that I did not want it, and would not take it; and after that, Mr. Hooper told me, down in the Merchants' Bank, one day, that what the road needed was some one to take it who could take care of the finances; that the road needed a good deal of help; needed his support, and that he was perfectly willing to give it his support, and do all that could be asked of any man, provided some one was at the head of the road in whom he had confidence; that I had been in the road for two years, and that it was embarrassed financially. He had perfect confidence in me, he said, and if I would take it, he would do everything that could be asked; if I would not take it, or would not find some one in whom he had a sufficient amount of confidence to take it, he should cease his help, and should let come what would. He said he was perfectly satisfied in regard to the road; that it was good; that the property was there; the money was there; but that it owed a large

debt, which was maturing constantly, and that the debt needed to be put off; and if we could get the debt put into the future,—get it put into ten-years' notes, or anything of that sort,—we ought to do it.

Q. You were designated in consequence of your real or supposed financial knowledge or ability to raise money?

A. Yes, sir. I suppose you are asking about my salary?

Q. Yes, sir. You were first spoken of by Mr. Lothrop, and Mr. Hooper afterwards. Was there any conversation with the directors about your salary—any vote about it? That is what I want to know.

A. Yes, sir. After hearing all this talk, from day to day, and thinking the matter over, I finally concluded I would try and see what I could do. I had looked into things then, and I thought the road could be saved, and ought to be saved, for the stockholders, whom I worked for.

Q. Now, I will ask you if you did not entertain that final opinion up to the time you left?

A. I did, sir, and I think so to-day; I see no reason to change my mind.

Q. Now, I will ask you, there, while I think of it—

MR. SHATTUCK. Hadn't he better finish up the matter of his salary before you go on to another question?

Q. (By Mr. THOMAS.) Well, was there a vote of the directors to pay you any sum?

A. When the directors met, and we came to organize and choose a president, Mr. Lothrop stated it was understood I would take the presidency of the road, and that my salary was fixed,—was understood to be \$20,000 a year,—and that I said I would not take it for any less than that. Mr. Haven then made some objection in regard to the amount to be paid. I was very much surprised, because I had understood that the directors knew about it. I told them then, that I was pleased with that; that I didn't want the presidency of the road, and was ready to go in and vote for anybody else that we could agree upon, and have a man at a cheaper price. All I had to say was, I just would not sell my time, and work as I should have to work if I took the presidency of that road, for any less amount of money, and that I did not want it. We had some discussion,—I think Mr. Haven and Mr. Williams were the two who made the objection,—and we adjourned for two days. When we came together again, I had thought the matter over, and stated to the directors distinctly that I wanted them to understand, if they voted for me for president of the road, they voted with the full understanding that my salary should be \$20,000 a year, and not to vote for me if they didn't understand that proposition; for I had never thought about—never talked about it; that thing was stated at the beginning, when I took the road: that if I found I could not bring it back to my desires or theirs,—in three or four weeks, perhaps,—I should tell them I didn't want to take it, or have anything to do with it; but if I kept it for a year, I should take it on the understanding that I was paid \$20,000 salary. There were five directors present, three of whom voted for me, and two for somebody else.

Q. Nothing was said by anybody; but the conversation was with you, and you made that a condition?

A. I made that a condition ; yes, sir.

Q. (By the CHAIRMAN.) Was this gift,—I will call it so,—this extra pay of \$5,000 to Mr. Lothrop, made after this discussion, and fixing of your salary ?

A. I think not ; I think that that was made— I cannot tell.

Q. What do you say ?

A. I don't remember ; the record will show, but I don't remember.

Q. Whether the extra \$5,000 was paid to Mr. Lothrop after this talk and settlement of your own salary ?

A. That I don't remember ; but the record which the treasurer has will tell that.

Q. (By Mr. THOMAS.) Made at the same meeting, anyway ?

A. I don't know about that ; I don't remember.

Q. Well, now ; what was done about your salary afterwards ; what happened in regard to that ? Just go on as rapidly as you can, so as to satisfy yourself.

A. There was nothing done. The committee reported that the salary of the president should be \$20,000 a year, and that report was laid on the table, and it was discussed, but not in my presence. I thought that the thing ought to be fixed, and I told Mr. Haven so ; and I said if the directors were not willing,—were not ready to vote upon my salary, after all that had been said,—that I thought that I should resign, because I thought I was pretty tired of it. It was in October ; this thing went on until October.

Q. October, 1874 ?

A. Yes, sir ; and Mr. Haven told me then that he didn't think that must be,—that I must not say so. I understood him there was but one person who made any objection, and the objection seemed to be that they were afraid to have it known ; this member of the board was afraid to have it known on the street that my salary was \$20,000. I told him that I didn't know that that made any difference to me at all, and that I should go in and resign, and he said if you do— Well, I don't remember what his exact remark was ; but the idea was : if you do, the thing is gone up ; it would not do to resign ; the responsibility would be upon me of breaking down the whole thing. After that talk with him, I went in and took my seat in the board ; he said Mr. Hooper had moved to lay it on the table, and was very desirous that I should wait. I spoke to Mr. Hooper afterwards, and he said there was no trouble about it ; in fact, Mr. Haven said that to me also ; and a majority of the directors had said that to me as well. Some days after that, the treasurer came to me and said he wished I would draw my salary and sign the pay-roll. I asked him if it was right for me to draw my salary. He said it was, and that the chairman of the finance committee had been to him, and said it was right for Mr. Wooldredge to draw his salary.

Q. (By the CHAIRMAN.) Right here, you said you went into the board and took your seat, and it was laid on the table ?

A. I said the report of the committee—which was a unanimous report to make the salary \$20,000 a year—was laid on the table.

Mr. THOMAS. He didn't send in his resignation; after what was said, he concluded to wait.

WITNESS. And some days after that, the treasurer told me that Mr. Hooper, the chairman of the salary committee and the finance committee—the finance committee was the principal committee of the board—had told him it was right and proper to pay me my salary, and that he wished to do so.

Q. Is the finance committee distinct from the salary committee?

A. Yes, sir.

Q. Who was on the salary committee?

A. Mr. Jones, Mr. Stevens, and Mr. Hooper were the committee, I think; I forget who was chairman, but I think Mr. Hooper.

Q. Well, what happened about the salary after that?

A. Nothing was done until the new board fixed it by passing a vote, saying that the president's salary, up to the last day of August, should be made \$20,000 a year; that was a matter of record also.

Q. Did you draw it?

A. I drew it up to the first of last August.

Q. Drawn anything since August?

A. No, sir.

Q. Did you have anything to do with demolishing this building at Lynn?

A. No, sir.

Q. Nor changing it?

A. No, sir; that was all done before I went into the presidency.

Q. Well, now, to come back to the question which occurred to me awhile ago, and which occurs to me again now: Did any member of the board of directors do anything to precipitate the failure of this company; and if so, who, and what did they do?

A. O, I don't know—

Q. Well, state the circumstances; if you don't want to characterize it, state the circumstances about it, and the committee will judge whether it was or not; what were the facts? Were you raising money along in the autumn of 1875, and during the summer of 1875?

A. There was no trouble at all in raising money with the notes of the road; in fact, I was refusing money at seven per cent., and hiring it at five.

Q. When?

A. In June and July.

Q. What year?

A. Last year.

Q. Eighteen hundred and seventy-five?

A. Eighteen hundred and seventy-five.

Q. You were?

A. Yes, sir.

Q. Getting it in such quantities as you wanted it?

A. O, yes; had no trouble at all; had money at five per cent., and I think, in some instances at four and a half; but at five per cent. we were having a good deal of money.

Q. Yes?

A. The business of the road had been poor up to June, but, if I recollect right, June was a good month, and I think we took \$2,000 more that month than we did the corresponding month of the year previous. In July, or at our July meeting, there was a vote introduced, after we were through with our regular business; I think it was about appointing a committee of investigation. There was quite a preamble to it; I don't remember—

Q. Who offered the vote?

A. Mr. Cummings.

Q. Investigating what?

A. Well, you had better read the vote, sir; I don't remember.

Q. Is it on the records?

A. Yes, sir.

Q. Was it passed?

A. It was passed.

Q. Well, go on and state it; we will put the vote in; you can tell it in half the time, probably?

A. I objected at once—

Q. Let me ask you, Was the introduction of that vote a surprise to you?

A. It was a surprise.

Q. And how about the other directors?

A. So far as the other directors appeared, it was a surprise. To Mr. Haven it was particularly a surprise, from the way in which he appeared. I think it was a surprise to all of the directors.

Q. That was, when?

A. I think it was at the July meeting. I feared this, and I told the directors so. I didn't fear an investigation. If there was anything to be done by an investigation to help the road, I wanted it; but I said we had standing committees on all these points covered by the vote, and thought it would be a great deal better to have the regular committees make their examination,—make their reports, and if they found there was anything,—if it was found by the board that the reports were not satisfactory,—then have a special committee; or have the gentlemen whom the gentleman who introduced the resolution wished put upon those committees, be added to those committees, and go on in the usual way, instead of having it go out to the public that we had appointed a special committee of investigation.

Q. Well, was anything kept secret, up to this time, from this director?

A. Not that I know of, sir.

Q. Well, go on.

A. And the board—

Q. What did they do on that suggestion of yours?

A. I think Mr. Haven made that suggestion; I agreed with him. I don't know that I talked about it; I wasn't in favor of it, I know.

The CHAIRMAN. What suggestion?

Mr. THOMAS. That instead of having an investigating committee, they should have the standing committee on these different subjects make the investigation.

WITNESS. I remember Mr. Haven was very desirous to have that done, and have it done in that way, and Mr. Cummings' reply was: he wanted to have his own resolution passed. I told the directors I was very much afraid of it; that if a thing of that sort got out, as it would get out, it would damage us, and injure our credit.

Q. (By the CHAIRMAN.) Tend to produce a panic?

A. Yes, sir, precisely,—tend to produce a panic; but he insisted, and finally the directors, some of them, came to me—

Q. (By Mr. THOMAS.) Didn't Mr. Haven offer to put Mr. Cummings on the committee?

A. Yes, sir; I stated that he did. He was very anxious to have him, if he chose, to go on to every one of those committees, to make a thorough investigation; but Mr. Cummings insisted upon it that he wanted his vote to pass. Finally, the directors saw I was very much opposed to it, and said to me, We shall have to pass it, because it will not do to refuse to pass a vote authorizing an investigation, and if we do it there will be a great damage done to us. I said to them, "The thing is ruined if you pass this vote."

Q. Did you mean the credit would be impaired?

A. Yes, sir; that the credit would be impaired; and I had had hard enough work to sustain it, and I knew what would be the effect if such a vote as that was passed; and all the gentlemen agreed that not a word should be said in regard to this committee being appointed, and I then hoped they would have the investigation, and there would be no harm done.

Q. Did Mr. Cummings concur in that agreement? You said all did; did you include him?

A. Yes, sir; including him; every gentleman of the board agreed that not a word should be said about it.

The CHAIRMAN. Have you got the vote? If so, read it.

Mr. SHATTUCK read from the records the following vote:—

"Mr. Cummings offered the following resolution, to wit:

"*Whereas*, The government of the Eastern Railroad is by law vested in its board of directors; and whereas, the stockholders, as well as the public, do hold, and by right ought to hold, said board to a strict economy in the management thereof; and whereas, it is our duty as directors to know and fully understand the true condition of said railroad, financially and otherwise, that we may properly discharge the duties of our office; therefore,—

"*Resolved*, That a committee, consisting of Messrs. Cummings, Williams and Lawrence, be chosen, with full power to examine, investigate and inquire into the condition and management of said railroad, in all its departments; and for that purpose they shall have access to all the books of said railroad, and may examine any of its agents or officers, and shall report the result of their investigation to this board, at a meeting to be held on the call of the committee; and in said report they shall make recommendations and suggestions, as the circumstances of the case may require, for the general prosperity of the road.

"The foregoing resolution was seconded by Mr. Haven, and unanimously adopted,

"Voted, That the meeting be now dissolved.

JOHN B. PARKER, *Clerk.*

Q. (By Mr. SAWIN.) What is the date of that?

Mr. SHATTUCK. The date of that is July 18, 1875.

The CHAIRMAN. Did you ask the witness any question, if there was any discussion, or any questioning of Mr. Cummings, as to what prompted his action?

Mr. THOMAS. I was going to ask him a preliminary question; namely, whether he had brought that there already drawn?

The CHAIRMAN. I didn't know but that you had, and that it had escaped my memory.

Q. (By Mr. THOMAS.) Was that resolution brought there already drawn by Mr. Cummings?

A. Yes, sir; he took it out of his pocket.

Q. Now, what did he say was the reason he offered it? What charge did he make, if any?

A. I don't remember that he made any at all, sir.

Q. Well, what reason did he give?

A. I remember no reason he gave.

Q. Only said he wanted it passed?

A. He said he wanted it passed, and, when they endeavored to prevail upon him to change it, he simply replied, "I prefer my own resolution."

Q. (By the CHAIRMAN.) Was the question asked of Mr. Cummings, Why do you present such a resolution as that?

A. I don't remember how that was; it made considerable talk, and, I think, for a time, broke the board up, and they talked and discussed it among themselves, and they finally concluded that he was disposed to press it, and it was the best thing that could be done to pass it.

Q. (By Mr. THOMAS.) I understand that Mr. Haven was very emphatic, and that he appealed to him, and asked him to withdraw it?

A. Yes, sir.

Q. And stated how disastrous it would be to the credit of the company?

A. I don't know that he stated that.

Q. Well, I understand you stated how disastrous such a vote would be to the credit of the company?

A. Yes, sir.

Q. Was there any other member of the board that favored it, except him?

A. I think not.

Q. And then you added, it was a surprise to you, and particularly a surprise to Mr. Haven, that such a vote was offered?

A. Yes, sir.

Q. And, finally, you concluded that, rather than have it get out that the investigation had been refused, the best way was to pass it, and thereupon you passed it unanimously?

A. I said that the directors finally concluded that it was best. I didn't think it was best. They knew I didn't like it; they knew I was not in favor of it; but under these circumstances they thought it was the best thing to do to pass it. Let me say here, it just occurs to me that Mr. Cummings said he had read his resolution to Mr. Bates, and that Mr. Bates was in favor of it.

Q. Was Mr. Bates present at the meeting?

A. Mr. Bates was not present at the meeting, I think.

Q. Did you still persist in your assertion that it would be disastrous to the road to pass it?

A. I did, sir; and when some of the directors came to me and wanted me to fall in with their views, and told me that the reason they felt they must vote for the resolution was, that if they refused a committee of investigation we should be hurt upon the street, because it would be known.

Q. It would go out to the world as a refusal?

A. My reply to that was, that there was nothing that would hurt us so much as that investigation, conducted in that way. I was perfectly satisfied it would ruin our credit; and if the credit of the road was ruined, there was no salvation for it.

Q. Up to that time, had you found extreme difficulty on the street in raising money?

A. I had found, at times, extreme difficulty, but I had just begun to get easy; I had just begun that summer to have time to go over the road and examine it, and see from what sources the road could draw its revenue, and give my attention to it as a personal matter.

Q. So that you could speak from personal knowledge whenever you went to a bank to borrow money?

A. Yes, sir. I spent the Fourth of July in examining that Bar Harbor property; I could get no other time to go down there.

Q. (By Mr. SAWIN.) At the time of the meeting, when this order was put in, what was the stock selling for, do you remember, on the street?

A. My memory of such things is not good.

Q. Had the stock broke then?

A. I should think it was selling at about 60.

Q. Had it broken down some time previously from where it had been, or hadn't it had the break?

A. No; I don't think it had.

Q. (By Mr. THOMAS.) Well, if you will give me the date, I will look that up?

A. July 18, it was.

Q. Well, now, Mr. Wooldredge, what happened after that was done; the vote was passed; now, what happened next, in respect to that?

A. The vote was passed.

Q. The understanding was, that not a word should be said, you said?

A. Not a word should be said; that was the agreement which was made by all the members of the board.

Q. Bear that in mind, please; now, go on?

A. The next thing I knew—I don't know whether the committee had got to work or not, but it was two or three days afterwards—I was coming to Boston,—I think two days afterwards, three days perhaps,—and I met Charles Levi Woodbury in the train, coming from Portsmouth. He asked me at once what the investigation of the Eastern Railroad was. I said, "What do you mean?" "Why," said he, "I don't know what they are investigating." I said, "I don't know that I understand." Mr. Woodbury replied, "Last Wednesday" (that was the day of our meeting), "I was going down,—I had been up to Boston spending the day, and was going in the 3 or 3.30 o'clock train,—it was an afternoon train, anyway,—and a gentleman came to me and said they were investigating the Eastern Railroad, and he supposed I was their counsel, and that I had been to Boston to attend to it." He was spending his vacation down at the Isles of Shoals at that time. I said, "I don't understand." "Well," said he, "that is all"; and he thought a minute or two, and he said, "Some one else told me the same thing." I asked him if he could remember who it was; he said he could not. I asked him if he would try and remember, and tell me; he said he would. He said he hadn't found out, when I next saw him; but the thing was all out. I heard of it in Salem, when I was raising money at the bank there. It was out all round town, and of course it hurt the credit of the road.

Q. Well, if you had any conversation with Mr. Cummings about it afterwards, please to say what it was?

A. I had no particular conversation with Mr. Cummings, but went on investigating.

Q. Well, what did you find out,—either before or afterwards,—that he had done in reference to that? Did you find he had shown this vote to anybody, and told them he was going to offer it before that?

A. I think Mr. Cummings told me himself that he had told Mr. Harrington that he was going to offer such a vote.

Q. Before he went there?

A. Yes, sir; before he went to the meeting.

Q. (By the CHAIRMAN.) Who is Mr. Harrington? One of your directors?

A. No, sir; he was a Salem gentleman.

Q. (By Mr. THOMAS.) You are satisfied that it came from Mr. Cummings, in your own mind?

A. I think it came in that way, sir; I don't mean to say Mr. Cummings intended to have it come out; I don't think he did.

The CHAIRMAN. What do you mean you didn't think Mr. Cummings did?

Q. (By Mr. THOMAS.) Is this Mr. Harrington a partner of John Cummings?

A. Yes, sir; and I was informed by Salem people that Mr. Harrington told of it in Salem. Mr. Harrington is a good friend of mine, and I don't think he intended to do any harm.

Q. (By the CHAIRMAN.) He told you that he had told Mr. Harrington what?

A. He had told Mr. Harrington that he was going to introduce this vote, before he introduced it.

Q. (By Mr. SHATTUCK.) You were going to say something about what you supposed Mr. Cummings' intentions were, but you were interrupted.

A. I think Mr. Cummings' intentions were all honest.

Q. (By Mr. THOMAS.) His intention was to offer that vote; and he did offer it in pursuance of that intention?

A. What I mean to say is that I haven't any idea that Mr. Cummings intended to make it public that that vote was passed; I think his intentions were sincere.

Q. (By the CHAIRMAN.) You think his intentions were all honest, but you think his intentions were that he thought there was something in the Eastern Railroad which needed to be investigated?

A. I don't know that about.

Q. Well, when you come to intentions, sincere intentions must mean something?

A. What I mean to say was in reference to this vote being passed; I do not intend to say anything about Mr. Cummings' intentions—

Q. (By Mr. THOMAS.) Did Mr. Cummings specify anything which he thought was wrong, that he wanted the inquiry about?

A. I don't remember that he did, sir.

Q. Did Mr. Haven, subsequently to this, call a meeting of the directors to see what could be done to sustain its credit, and did you meet?

A. I was sick at the time, and was obliged to go away from home.

Q. (By the CHAIRMAN.) You said you thought he was sincere. You mean to say, you think that Mr. Cummings thoughtlessly tossed that ball into the ring, without any thought about it; is that what you mean by sincerity?

A. I was speaking simply about the fact becoming known that the vote had been introduced; beyond that I did not express any opinion.

The CHAIRMAN. Then I am entirely wrong.

Q. (By Mr. THOMAS.) What you mean to say is, that he didn't purposely go round and tell of it?

A. Yes, sir; that is precisely what I mean.

Q. What he had done beforehand had led to the notoriety?

A. Yes, sir.

Q. You say you were taken sick?

A. I was sick and away; and while I was, I think Mr. Haven called a meeting; and I think he telegraphed me that he had done so.

Q. You said you went down to Bar Harbor, and what did you find about it? You had nothing to do, I suppose, with the purchase of the property, originally?

A. No, sir.

Q. What property did you find down there belonging to the company?

A. I found quite a large lot of land, with a wharf; I think that is the only landing that can be got there,—the Mount Desert people say.

Q. Somebody suggested to me that the Maine Railroad had got one close by?

A. I don't know how that may be, sir.

Q. Isn't there an old hotel on this place?

A. Yes; there is an old building there, which was formerly used as a hotel; when the wharf was bought, it had to be bought, too; I suppose that is really the case.

Q. Well, you don't know anything about the purchase?

A. No; I don't know anything about it.

Q. From the examination you made there, what do you estimate the value of the property to be?

A. Well, if you can tell me the value of any piece of real estate, at present, I should like to know it.

Q. Well, you saw that, and you can give some idea of it. I cannot tell you the value of any real estate, precisely, but I can tell you very quickly whether your house is worth a good deal more than mine is.

A. Well, I think, comparing it with the other real estate there, that it is a very valuable piece of real estate.

Q. (By the CHAIRMAN.) That is Bar Harbor?

A. Yes, sir.

Q. (By Mr. THOMAS.) Do you really think that property there is worth \$10,000? Would you give it to-day, if you had the money, and I owned it, and would sell it at that price?

A. We ain't any of us buying anything nowadays.

Q. Well, do you really think it worth that amount of money? The Committee want to know something about the value of this property?

A. I think at the time it was bought it was worth over \$10,000; I think at the time I was there it was worth more than \$10,000.

Q. How much more?

A. Possibly \$20,000.

Q. Possibly?

A. Possibly \$20,000; but it was not worth so much when I was there as it was when it was bought; I am giving just my judgment in regard to it.

Q. Did you inquire of anybody about the value of that property down there?

A. O, I inquired of everybody I saw.

Q. Did you see this Mr. Deering?

A. Yes, I went down on the boat with him.

Q. Did you see Mr. Dodge, a surveyor there?

A. No; I never met him.

Q. Never met him?

A. No; I inquired of Mr. Roberts.

Q. Well, what have you got to show for it; what title have you got to it?

A. The last that I did about it was to send to the road's attorney at Portland, to get the deed of that property put into the name of the Portland road, where it belongs. The company have a bond for the deed; I

think the property—I don't know whether it is now—was held by Capt. Deering.

Q. It belonged to a Mr. Roberts once, didn't it?

A. Yes; but it was conveyed to Capt. Deering, by Mr. Roberts, for the Portland, Saco & Portsmouth Railroad.

Q. Didn't you understand, when Deering found out he could sell his land to Mr. Lothrop, that he got a deed of it from Roberts, and then sold it to Mr. Lothrop; wasn't that the way you understood it?

A. No, sir; I never so understood it at all, and don't believe it was so, because I remember hearing Mr. Roberts talk about it to Mr. Lothrop, at Portland, once; Mr. Roberts came up there, and they were talking the matter over. I don't believe Mr. Roberts has got a single cent for it; some notes were paid, and some were not. You cannot tell anything about these things until we get at the bottom of them.

Q. Well, that is mere conjecture; you knew about it?

A. I have told you I know nothing about it. I don't believe there was anything of that sort; I think Mr. Roberts would have told me, if there had been anything of that.

Q. (By Mr. WILLIAMS.) That was bought before you were a director?

A. Yes, sir; this was bought by Mr. Lothrop, as president of the Portland, Saco & Portsmouth Railroad, and in no way in connection with the Eastern Railroad.

Q. (By Mr. THOMAS.) Do you know what the company paid for it?

A. I think they were to pay \$3,000, and there was \$8,000 to pay at the last I knew about it.

Q. There was no mortgage given for it? Have you got a bond for the deed?

A. I think Capt. Deering gave a mortgage for it.

Q. Deering gave a mortgage to Roberts; you were to assume a mortgage?

A. Yes, sir; I presume so. It is in Mr. Deering's hands now, sir.

Q. Well, to-night, before we go, I would like to ask you what you think of the value of these properties of the Eastern Railroad, and whether you think there is any large property at East Boston, which could be sold, money realized from it, and, at the same time, the business of the Eastern Railroad continue unimpaired thereby?

A. Yes, sir; it was always my idea, that just as soon as the road could get round to it, that they should bring their shops from East Boston to some piece of vacant land which they have at some convenient spot; that perhaps they should retain the right of way which they have to the wharf; that they should sell out a large property which they own there, and take the proceeds to pay down their debt; that was Mr. Hooper's idea, and it was mine. I proposed that, but there had been no time within the last two years when there was any opportunity to sell any real estate. I got a chance to sell one piece which the road had had for a great number of years that was idle.

Q. While you were president, you devoted your whole time to it?

A. To the Eastern road?

Q. Yes, sir; as president of the Eastern road?

A. I think I did, sir.

Q. And, as suggested, you looked at the property at East Boston, and know about?

A. Yes, sir.

Q. So that you now speak from personal knowledge?

A. Yes, sir; I speak from personal knowledge.

Q. Now, how much do you suppose could be realized by sales at East Boston, in the aggregate?

Mr. WILLIAMS. Do you mean at the present time?

Mr. THOMAS. No, not exactly that; not at present, but before long; before spring comes?

A. Let me explain, so that the Committee will understand it. I never undertook to get a price that could be got for a dock, that the Eastern Railroad own at East Boston, which I am told is the most valuable dock at East Boston; I am not conversant with such property, you know, but I am told that they have the most valuable dock there is there. There are parties who will like to buy it, when the company get ready to sell it, and it is worth a great deal of money; they have a great deal of land there, and they have outlying lands which they have held to until this time, that have been worth very large sums of money. I had always supposed that the road, taking a favorable opportunity, could get out of East Boston, reserving such property there as was necessary, and get, perhaps, half a million dollars.

Q. Half a million?

A. Yes, sir.

Q. Then you don't differ very much from Mr. Parker's estimate?

A. I don't know what his estimate was.

Q. You heard him testify; I think that was about his estimate?

A. O, I remember now. Perhaps I should differ from Mr. Parker, in this way: perhaps I should not put so high a value upon the property there as he did; but I don't think it would cost so much to make the change of the shops.

Q. You think they might realize half a million out of that?

A. Yes, sir.

Q. Now, could any of the mill-pond lands, or any of the Austin Street property, be sold?

A. Now, in regard to the mill-pond lands, I was very desirous last spring, that we should begin to fill the mill-pond lands; I found that we could fill those lands, at a cost of not over 16 cents a square foot. Now, there are fifty acres, and we could fill such portion of them as we could pay for, or as fast as we could sell at the time. I inquired into it, and I could not find that there had been a lot of land sold; on the opposite side of the street, there was a lot sold at a dollar a foot, and some parties said it was worth more than that. Now, you know, some things are very much depressed, and I don't know that there are any sales there worth more than anywhere; but here are fifty acres of land, worth a dollar a foot to-day; and at a cost of 16 cents a foot for filling, would be good, solid land; and my idea was, that the right way to do was, to fill that land, and after filling it, it would net the company a good deal of money.

Q. Does it occur to you that there is any place from which the gravel could be taken, on the line of your road?

A. I had found parties who would furnish the gravel, and put it in there; and it would not cost over 16 cents a foot to put it there.

Q. So you speak from some knowledge?

A. Yes, sir; and my idea was, that we should do that, and have forty or fifty acres, as the case may be, to sell.

Q. Well, your idea is, that the land is more valuable to the Eastern Railroad, to keep it for the present, until some change of that nature can be made, and then sell it?

A. Certainly I do, sir.

Q. Well, then, if part of that should be filled, that could be sold, and still the Eastern Railroad have land enough to transact its ordinary business?

A. Mr. Hooper's calculation with me was,—we went over and looked the matter over and took a plan of it,—that there should be 12,000 feet filled there that the road did not need, which could be filled at a proper opportunity.

Q. So, if you owned that land, and had the means to carry it, you would keep it, and pay the taxes on it?

A. Yes, sir; certainly.

Q. And would not sell it now?

A. No, sir.

Q. So you think there is considerable value there?

A. Yes, sir. We let one bond run out for one piece of land on Canal Street. Well, it expired before they concluded to take, and I think that when they got the piece the second time, the rise in its value was \$20,000 on that piece of land.

Q. Now, I will ask you about that Austin Street estate. There is a pretty large tract there, because it runs from Austin Street to Second Street, and you take some below Second Street, I think?

A. I think the street is called Lynde Street. When I left the road, the company owned a whole row of houses.

Q. Lynde runs parallel with Front Street?

A. Isn't that Lynde Street which runs parallel with the new freight-house?

Q. Well, that runs along Front Street?

A. Well, on that street there are estates which cost \$276,000, which, if I recollect, when I left the road, were not used, and which I didn't think were needed at present for railroad purposes; but if the idea was to leave East Boston, I think the road should keep all that property.

Q. The whole of it?

A. Yes, sir; the whole of it. If they cannot afford to keep it, that is another thing; but there is \$50,000 or \$60,000 worth of property now which they don't use there.

Q. Well, assuming that they cannot afford to keep it, whether any considerable sum could be realized, in your judgment, from the sale of that property?

A. Well, in common times—

Q. That is to say, not immediately ; not to-day, but months hence ?

A. No doubt about it. You are aware, in regard to that property, of the way in which it was taken, that there was a difficulty about selling it, and that was—

Q. I thought you had arranged it through Mr. Charles Robinson, Jr. ; that you hadn't acquired a right to sell it, but settled up and got a lease for it ?

A. I think that was so ; but you are a lawyer, and understand it better I understand, if you give notice that you take under the law, even if you buy when you sell it, that your title will not satisfy everybody. I found, when I came to make arrangements, that I got into that difficulty.

Q. So you think there is considerable money there ?

A. I think there is \$200,000 there, in common times.

Q. (By the CHAIRMAN.) That is at Charlestown ?

A. Yes, sir ; in Charlestown.

Q. (By Mr. SHATTUCK.) Five hundred thousand dollars in East Boston ; and how much in the mill-pond ?

A. I think the cost there was \$276,000 ; that is from memory I am repeating this.

Q. (By the CHAIRMAN.) And these are lands that can be sold ?

A. I think so, sir.

Q. And how much about the mill-pond ?

A. I should think it ought to bring, in common times, half a million of dollars ; I don't know how land sells here, but in Lynn it would fetch that.

Q. (By Mr. SAWIN.) Isn't about half a mile of this land right on a 60-foot street running from the state prison up to the neck ?

A. Yes, sir.

Q. (By Mr. THOMAS.) Well, then, in addition to that, the Austin Street property is nearer towards Boston ?

A. Yes, sir.

The CHAIRMAN. And that was about \$250,000 ?

Mr. THOMAS. He thinks about that.

The CHAIRMAN. Making over \$1,200,000.

Mr. SHATTUCK. Mr. Wooldredge has made up a statement of the property of the Eastern Railroad.

Q. (By Mr. THOMAS.) Well, he can hand that in. Something was said about some land at Magnolia ?

A. Yes, sir.

Q. What is it about that ?

A. I found that the road had about 100 acres of land in Magnolia, which they had had for some time.

Q. That Magnolia is down somewhere near Manchester ?

A. Yes, sir. When I came to inquire of the engineer about it, he told me that there were 400 acres there. I have never seen it, and have no idea of its value.

Q. Well, do you mean that as broad as that, sir ; that you have no idea of its value ?

A. Well, I mean I never saw it, and cannot judge about it, and haven't had the time to go down and see it.

Q. Well, from what you have heard about it, what is your impression of it—or don't you know enough to venture an opinion about it?

A. I don't know enough about it to venture an opinion upon its value.

Q. Well, what is your idea about that Bar Harbor property? Do you think it advisable to retain it, or to sell it?

A. I hardly know. By owning, as the road does, a steamboat line,—it was bought for them,—I should think, if they sold it, it would be at a sacrifice.

Q. If there is any other item which you have got, as Mr. Shattuck suggests, please make it known? I will not detain the Committee by running over all these details; but I will ask you here, that, assuming that the debts of this company are \$15,000,000, what do you say,—from your knowledge of the property, and the prospects,—what do you say about this company getting on under this bill, which, I believe, you have read?

A. Well, I believe, sir, that if nothing is done, in five or six years' time the Eastern Railroad, with fair management, and no mishap, would have paid the whole thing seven per cent., and therefore I think if this bill is passed it must be done.

Q. (By the CHAIRMAN.) If nothing is done?

A. If nothing had been done, if the road had been kept upon its feet—

Q. (By Mr. THOMAS.) If you had had the physical ability,—if your strength had not given out, and you had not been interfered with in the way you have spoken of,—what was your idea,—were you hopeful, or not?

A. Yes, sir.

Q. Had you faith?

A. Yes, sir.

Q. Well, wasn't it merely "the evidence of things unseen," or was it something more than that,—something that you can show to us?

A. It was because I thought I knew the Eastern Railroad. When I went into the road, I found it with this debt; the debt of the road unprovided for amounted to \$6,300,000. I didn't know, of course, when I first took the road, that that was the amount of debt that was not provided for, because there were all sorts of contracts to be carried out, all sorts of bills to be brought in; and behind all that, land taken by law not decided upon how much we should pay; but the thing went on, and the last time I figured it up with Mr. Parker the amount had reached \$6,300,000, and I thought I had got through.

Q. Up to the date of your resignation, had any paper of this Eastern Railroad laid over?

A. At the date of my resignation?

Q. When you left the road.

A. As president, do you mean, sir?

Q. Yes.

A. I think we had been to the banks and told them that they must

extend. I think there had been no protest at that time, though I am not clear on that.

Q. (By Mr. WILLIAMS.) When did you leave the road, Mr. Wool-dredge?

A. I think it was October 21st.

Mr. SHATTUCK. Here is a letter on record, in which he says he should draw no salary after the first of August.

Q. (By Mr. WILLIAMS.) When did you go to the banks and say that they must hold off?

A. It was just before I resigned.

Q. (By the CHAIRMAN.) Had you ever done that before?

A. Never, sir.

Q. Well, how was that, when things were going easily?

Mr. SHATTUCK. When he said things were going easily, he spoke of July. That was before the trouble occurred about the investigation.

Q. (By the CHAIRMAN.) That was one of the results of your prediction,—the fulfilment of your prediction?

A. Yes, sir; precisely.

Adjourned till 11 A. M. Friday, March 17, 1876.

FIFTH HEARING.

RAILROAD COMMITTEE, STATE HOUSE, BOSTON, }
FRIDAY, March 17, 1876. }

The Committee met at 11 A. M. Senator PALMER in the chair.

The CHAIRMAN. Before starting, I wish to announce, as the decision of the Committee, that all questions shall be asked by counsel, or through counsel; and that if any person interested in this hearing desires to ask a question, he can ask the counsel to present it for him, and if the counsel refuses, then the question can be presented in writing to the Committee, and the Committee will present it, if they think proper.

TESTIMONY OF MR. JOHN WOOLDREDGE—*Resumed.*

Q. (By Mr. THOMAS.) At the adjournment last night, had you completed your answer in relation to the property of the Eastern Railroad, or have you now anything to add?

A. There is, undoubtedly, more property belonging to the road than I think of now. I have hastily counted over the property that the road owned, and my opinion is that there could be \$500,000 realized from the East Boston property. That is the estimate I made up. From the Austin Street estate, in Charlestown, there would be \$250,000. If we moved our freight accommodation from East Boston to Charlestown, we should still have room enough to realize what I have named. I think it would be a better piece of property to keep, than to sell.

Q. I want to ask you whether you think it better to dispose of this property now, in the present condition of the company's affairs?

A. Not, probably, at present. Then I thought the mill-pond lands might be disposed of, so as to give the company \$500,000. The land in Lynn, which is valued in the report at \$100,000, I put down at \$50,000. My idea is to keep that. Then, the Maine Central stock is worth at least \$150,000.

Q. How many shares?

A. About fifteen thousand two hundred shares, I think.

Q. Do you know of any market value to it now?

A. It is hard to answer that question, because that stock is held in blocks, and is not in the market in any way.

Q. If you wanted to buy it, what could you buy it for?

A. It was sold over two years ago for over 70, to private individuals.

Q. Could you sell it now, \$10,000 worth, at over 25?

A. I should think so, sir; of course I haven't tried.

Mr. SHATTUCK. His answer was, it was bought by private individuals to hold.

Q. What time was that?

A. Perhaps two years ago.

Q. Well, can you state what the price probably was at that time?

A. Yes, sir; I think from 60 upwards—perhaps 70. I didn't buy any, and my knowledge was only hearsay.

Q. Anything else?

A. Pullman Palace Car stock, call it now \$30,000—it was worth more then; passenger cars, \$486,000—I think, really, \$300,000, is low; wood, coal, and iron is \$260,000; cash on hand, \$18,000; and in debts due them, from other roads and station agents, there was \$330,712; making the whole to be deducted from their debt, \$3,270,212; leaving the debt of the road, \$11,581,288. I never estimated exactly the property on the line of the road; there was a large amount of property at Salem, on the Gloucester Branch, Beverly, Newburyport, and a good deal of property at Portsmouth.

Q. Isn't there a wharf at Wolfborough to be sold?

A. I think that is needed.

Q. Isn't it leased to the Boston & Maine, with leave to run their steamer, also. The steamer Lady of the Lake—doesn't it go there?

A. I think it may go there; there is a wharf, and the boats go there; then there is the Bar Harbor property—

Q. (By Mr. WILLIAMS.) Will you tell us about the property below Lynn more minutely?

A. I do not think that I know much about the property there; there is the land in Salem, there is the land in Portsmouth, and a good deal of real estate there; there is Noble Island, a valuable property; there is the wharf at Salem, where the coal-packets come; it is impossible to tell now what the value of the property is; if New England is used up, and Yankeeedom is done for, of course our business is nothing—but things must be better.

Q. (By the CHAIRMAN.) This Charlestown property was originally purchased as a necessary part of the railroad?

A. I suppose so, sir; I had nothing to do with the purchase.

Mr. SHATTUCK. In the transfer from East Boston to Charlestown, we propose to show that the State required them to buy more than they wanted in Charlestown.

Q. (By Mr. WILLIAMS.) About the Gloucester Branch, what is there there?

A. Down at the station called Magnolia there is a very large tract of land; I do not know what it is; I never had time to visit it; it is about four hundred acres, as reported to me by the engineer. Perhaps the treasurer, Mr. Parker, knows more particularly about it than I do, because I always went to him for information, and that was the only place where I could get it, as a rule.

Q. Can this property be disposed of without interfering with the business of the road?

A. Yes, sir, it was my idea that all of this property that I read, could be disposed of, and the road do all its work, except \$200,000 on Main Street, in Charlestown?

Q. If the road wasn't in debt, it would be desirable to hold this property for railroad purposes?

A. I do not think it would be.

Mr. SHATTUCK. I would like the Committee to send for the bill authorizing the company to take land in Charlestown; I want that particular bill, so that I can show that the legislature compelled them to buy \$700,000 worth of property more than they wanted.

Mr. WILLIAMS. The Committee would like to have the full particulars of the property at Magnolia, Lynn, Salem, and some estimate of its value.

Q. (By Mr. THOMAS.) Mr. Williams can tell you all about the property in Salem. I will endeavor to have the treasurer present to you a statement of all the property they have, and I will undertake to get the judgment of persons that know, meanwhile. Who did you buy your shares in the Maine Central stock of?

A. I think I bought them—I think Mr. Lothrop furnished them to me.

Q. Did you get any of them of a person you have mentioned?

A. I think not.

Q. Do you remember when you bought them?

A. I think it was in 1872—in the autumn of 1872?

Q. Before you became president?

A. Oh, yes, sir.

Q. How many shares did you buy?

A. I think about two hundred.

Q. What did you pay for them?

A. I think I paid 52½ or 55; I think it was 52½.

Q. Did you pay by note or check, do you remember?

A. I paid the money, somehow.

Q. All paid for at the time?

A. That I cannot tell; I have indistinct remembrance of a portion of it being paid.

Q. Did you carry them, meanwhile raising money to do it with?

A. Yes; I raised money, I think, as I would on any other property.

Q. Do you remember whether you ever pledged them?

A. I think it is very likely.

Q. Do you remember to whom you pledged them?

A. No, I do not know.

Q. Had Mr. Ward anything to do about the purchase?

A. That I do not know; I talked to Mr. Ward a great deal about them; my remembrance is very indistinct about that purchase.

Q. You are not very clear whether you bought them of Mr. Ward or Mr. Lothrop?

A. I think I talked with Mr. Ward about the Maine Central stock, and I am very positive that he obtained those shares for me.

Q. When did you sell them?

A. I told you I sold one hundred shares—an even one hundred shares—when I made the Lynn purchase, in the last part of 1874 or 1875; that was a hundred shares,—the other hundred, I have that now; I am the owner of one hundred shares.

Q. Were there not shares in the Merchants' Bank that were taken from there about the time you went to California, or after you returned?

A. The Merchants' Bank?

Q. Yes, sir.

A. Not that I know of.

Q. Were there not some shares sent to Mr. Lothrop's office?

A. Not to my knowledge, sir.

Q. Mr. Haven spoke about some yesterday.

A. I knew nothing of it; I do not really know, now, what you are asking about.

Q. Do you know what Mr. Ward paid for any of this stock?

A. No, sir; I do not.

Q. Did he never tell you?

A. I think not, sir.

Q. Do you know of whom he bought it; if Mr. Murray anything to do with the purchase or sale of these shares?

A. Not to my knowledge.

Q. Do you know Mr. Murray?

A. Yes, sir.

Q. You had no such intelligence?

A. No, sir.

Q. Had Dunn, of Waterville, any interest or purchase in the sale?

A. Not to my knowledge. Mr. Dunn was an owner, I think; whether he is now, I don't know.

Q. Whether any were purchased by Mr. Ward, or whether you don't know about it?

A. No, sir.

Q. Did you see Mr. Dunn in the course of the negotiations?

A. I had nothing to do with the negotiations.

Q. Had Mr. Moseley any transactions in these bonds?

A. Not that I know of; what bonds do you mean?

Q. I mean with the shares?

A. Mr. Moses, I think you must mean; there was a Mr. Moses, who had some of this stock of the Maine Central road.

Q. What had he to do with it?

A. I do not know, sir; I have forgotten.

Q. Had you any transactions with him?

A. No, sir.

Q. Knew nothing about it?

A. No, sir; are you thinking of Mr. Moseley, of the bank at Newburyport?

Q. Yes, sir; probably.

A. I had some stock of the Maine Central Railroad put there, in my own name, as collateral security for a note that I had signed on account

of the Eastern Railroad, and then there were other notes, on which our names were, on this account; the stock was placed in the bank as collateral; nearly 5,000 shares.

Q. By whom?

A. By the railroad.

Q. By the Eastern Railroad?

A. Yes, sir; and the notes were paid as they became due; the first was on the first day of January, I think; before that note became due, I was going away, and the directors passed a vote authorizing me to place that stock in the Newburyport Savings Bank, as collateral for that note, and I did so, and held the promise of the Eastern Railroad for money I had loaned; I had held that note for some time.

Q. And about the time you went away, you pledged these shares?

A. No, sir; I had held that collateral for the demand of the loan.

Q. How came you to hold it?

A. I held it for other notes; I was an indorser for a large amount for the liabilities of the Eastern Railroad.

Q. When was that stock pledged?

A. I should think some time early in 1874.

Q. You held it?

A. I held it all the time.

Q. Until when?

A. Until November; I was preparing to go away, and I put it where it would be safe for the company; I did it at the request of the directors.

Q. Is it still there; there was a vote of the directors authorizing this pledge?

A. Yes, sir.

Q. When was that done?

A. I think in November last.

Q. That is the matter about which Mr. Moseley interested himself?

A. I was not very definitely informed about it.

Q. You made these negotiations with Richardson, Hill & Co., didn't you?

A. Yes, sir.

Q. Previously to making that, had you been to New York to see if you could place the loan there?

A. Yes, sir; I did, sir.

Q. Had you tried in Boston to negotiate it?

A. I tried very hard, sir; I applied to Blake Brothers & Co.; they sent one of their partners to the office, and spent several days looking it over; they offered to take the loan at 75, but that was not satisfactory, and we declined.

Q. Meanwhile you went to New York, and made inquiries there?

A. Yes, sir; I made inquiries there once, and I made a second visit; but I was unable to place the loan there.

Q. Then you came back and made an arrangement with Richardson, Hill & Co.

A. Yes, sir.

Q. Did you realize yourself, or receive anything on account of that; did you realize anything for doing this work?

A. No, sir.

Q. Anything from Richardson, Hill & Co., or any of the firm; any favors; any commissions?

A. No, sir.

Q. In an indirect manner?

A. No, sir.

Q. But you did buy \$100,000 worth of the bonds?

A. I bought \$100,000 of the ten-years' notes, sir; they were not bonds.

Q. You paid Richardson, Hill & Co. the same price—85, with the accrued interest. You heard Mr. Adams' testimony; did he state it just as it was?

A. I think he did, sir.

Q. Do you know anything about Mr. Cummings' applying to them to get the bonds at a less rate?

A. Nothing at all, sir; I bought my bonds before—

Q. In open market?

A. No, sir; I bought them somewhere about the middle of February.

Q. What was it about Mr. Cummings?

A. There was a day appointed at which bids were to be received; I think it was advertised that no bids would be received at a less price than 90; I think he said he would like to buy at less than 90, and wanted to know if any would be sold at less than that price; it was a perfectly innocent conversation; he was willing to take them if they could be sold at less than 90.

Q. Now, Mr. Adams disposed of them for about 90?

A. Yes, sir.

Q. And he disposed of them in lots; couldn't you take some and sell them as Mr. Adams did, and thus save this sum for the road, instead of disposing of them?

A. Why, no, sir.

Q. You couldn't do it?

A. I saw no way; I thought it would be utterly impossible.

Q. You were elected for your financial ability and knowledge, and had a very large acquaintance with moneyed parties, hadn't you?

A. Yes, sir.

Q. Knew all about it?

A. Yes, sir.

Q. What was there, except inconvenience and time, that prevented you from disposing of them?

A. I can only say that it was utterly impossible that I should do it, and it never occurred to me to do it; I may have made a great error in judgment, but I didn't see how I could do it.

Q. You may have underestimated your own power?

A. I do not think so, sir. Before I went to New York, I went to one of the best brokers in Boston, who had tried to get money for us, and he did not know where to place \$10,000 worth of Eastern Railroad debt.

Q. If I remember your testimony, yesterday, you said you found no difficulty in raising money?

A. I said in July I found no difficulty; this was in January, when I had got to have \$50,000, or the road would fail.

Q. Did you examine the books to see whether the credit of the road was stretched to the utmost?

A. Yes, sir; to the utmost.

Q. (By Mr. HERWOOD.) I notice Mr. Wooldredge says that he had ten-years' notes instead of the bonds; what were the bonds?

A. The bond always has a seal; we don't consider a note a bond.

Q. Then that is all the difference between them?

A. That is all the difference I know of.

Q. (By Mr. OSGOOD.) What was the salary paid to Mr. Hatch, the general manager?

A. Ten thousand dollars.

Q. What was it to Mr. George F. Batchelder, the superintendent?

A. Mr. Batchelder's salary was fixed at \$3,500, I think.

Q. What was the compensation of Mr. Parker, as treasurer?

A. I think it was \$4,000 or \$4,100.

Q. He had no advantages for acting as a trustee; he got nothing more than his salary?

A. No, sir; not to my knowledge; and I think I approved every dollar of his salary.

Q. (By Mr. THOMAS.) Did Mr. Parker have anything whatever to do with the purchase of these notes or stocks?

A. Not that I know of.

Q. I mean personally?

A. I never knew him to.

Q. Now, what do you think of the Eastern Railroad holding the Maine Central road as affecting their business?

A. I am not familiar with the business of the road now.

Q. What do you think of it?

A. Very favorably, sir.

Q. Do you think the Eastern Railroad should dispose of the Maine Central stock?

A. If the Eastern Railroad sells the Maine Central, it wants to sell everything it has. The enterprise on the part of Mr. Lothrop was a good one; but the panic came, and this depression in business disturbed everything.

Q. Do you think, then, that the stock, for the Eastern Railroad to hold, is worth more than the market value?

A. If I owned the Eastern road, and owned that stock in the Maine Central, I would not sell it for par. I think that the buying of the stock for the Eastern Railroad did more for the salvation of the road than anything that was ever done; and it will prove so in the end, if the road is kept agoing, and this scheme is kept up—if the Portland, Saco & Portsmouth road, and the Eastern Railroad in New Hampshire, keep under the same management. I do not know as the Committee want to know my opinions; but so far as opinions go, I think it would be a great deal

better to have the whole line under one management, and that was Mr. Lothrop's policy.

Mr. SHATTUCK. In regard to the Charlestown lands, the amendment to the bill was as follows:—

"The committee on railways, to whom was recommitted the bill (Senate, No. 234), to authorize the Eastern Railroad Company to construct a freight track, etc., report that it should pass, with the following amendments; to wit, at the end of section one, add the following: '*provided, however, that the Commonwealth may at any time, upon the sale of the state prison lands, for the sake of obtaining the full market value thereof, alter the location of said railroad to cross the same.*' At the end of section two, the following: '*provided, however, that if said Eastern Railroad Company shall, under the provisions of this Act, take any portion of any estate, the owner or owners in such estate who shall, at his or their election, signify within one month after such taking, be entitled to abandon the whole of such estate to said company, and so have the same rights against the company as if it had taken the whole of such estate.*'

"For the Committee,

"JOSEPH K. BAKER, *Chairman.*"

Under that, they wanted to take a smaller track in the rear of the sugar-house estate, and as to this mill-pond property, the estates around were very deep, and they were obliged to take the whole, so that this land that Mr. Wooldredge thinks they didn't need, was the very land that they were practically obliged to take; that explains why they have so much land. The sugar-house property cost them \$400,000, and they only wanted a part of it. I make this explanation, Mr. Chairman, in justice to Mr. Lothrop, to show that he was working under a disadvantage, and that it does not lie in the mouth of the Commonwealth to object that they have more land than they need.

Q. When was the plan formed to provide large terminal facilities in Boston, with the view of making arrangement with the Maine Central to secure a line to St. John.

A. I think the plan was formed in the year before I became a director in the road.

Q. When this application was made to the legislature for taking a large tract of land in Charlestown, don't you know the reason for the application was, that you desired to form this connection with the Maine Central Railroad?

A. I did not know about the application to the legislature; it was made by Mr. Lothrop.

Q. Didn't you know that was the purpose of the directors?

A. Yes, sir.

Q. Whether at that time it was not the policy of the legislature, as shown by various Acts passed that winter, to have long lines of railroad,—continuous lines,—consolidated or connected, and to have a large increase in terminal facilities. That was the time, or a little before that, that the Western and Boston & Worcester roads were consolidated, the Cape

Cod and Old Colony roads, and a little after the Fitchburg and Vermont & Massachusetts?

Q. I want to ask you whether it was not in pursuance of the policy of the State, thus expressed, that the line of the Eastern Railroad was extended?

A. It was; the matter was discussed by the directors, and it was supposed there would be no trouble in bringing it about.

Q. Whether, in any way, you have any knowledge or suspicion, or reason to believe, that any director or official of the Eastern Railroad made any money, directly or indirectly, out of the purchase of this stock, or the issue of these bonds?

A. No, sir; I do not believe they had. Something has been said about the price of lands in Lynn; but I do not believe that there was ever anything wrong about it.

Q. Had you objections to the purchase?

A. I had; I had a long talk with Mr. Hooper about it; he was a director, and I was not.

Q. You haven't any doubt as to the honesty of the directors in that purchase?

A. Not in the least, sir; it was an unfortunate thing.

Q. Was Mr. Brown president at that time?

A. Yes, sir; he was.

Q. It was before you or Mr. Lothrop was president?

A. Yes, sir.

Q. When you became president of the road, whether you undertook any new enterprises, involving the expenditure of money, except those already begun?

A. Not a dollar of the company's money went into any new scheme; I said when I became president of the road every new scheme should be stopped, and I would do nothing but try to clear the whole thing up. I never would have taken the office, except on that understanding.

Q. The Charlestown lands had all been bought at that time?

A. Yes, sir; that is, I mean the company was committed to take them, but I had to pay for them. I do not think of a single new thing. I did make an arrangement with the Portland & Ogdensburg road to build a bridge over a street in Portland; it was absolutely necessary; the people wouldn't stand it any longer. It was not a very expensive job, and cost, perhaps, from \$16,000 to \$20,000.

Q. Whether the policy of buying up the Maine Central stock, and consolidating, was fully discussed by the directors personally, and understood as the policy of the road?

A. I think that it was. I cannot say that all the directors had the same views or knowledge; they didn't, perhaps, all take the same interest in the matter; but as a general thing, it was known and understood, excepting, I think, I might say that the stock was bought by the road without all the directors knowing that it was to be bought. It is due to Mr. Haven to say that he never liked it.

Q. Did you ever have any conference with Mr. Hooper on the subject of the legality of the purchase?

A. Mr. Lothrop considered it legal.

Q. You stated that the first scheme was to have the directors and friends of the road purchase it; will you state whether Mr. Hooper had any objections to that?

A. The conversation was before the matter had taken definite shape. Mr. Hooper said there was quite an amount of Maine Central stock for sale, and he would like to have it controlled in the interest of the Eastern road; he asked me if I would take some of the stock, and I told him I would take 1,000 shares. The next thing I knew of, the stock was bought for the road.

Q. What year was this?

A. This must have been in the latter part of 1872 or the first of 1873. Mr. Lothrop thought the directors ought not to buy it themselves, because they would be open to the charge of doing so for their own profit.

Q. Did you understand him to say that if there was any profit, it ought to go to the Eastern Railroad?

A. Yes, sir; I was a little disappointed that I did not get my shares of stock.

Q. You had agreed to take 1,000 shares?

A. Yes, sir.

Q. Had other directors?

A. I think not; I have no reason to know whether they had or not; I think the chances were that Mr. Lothrop had consulted with Mr. Hooper about it.

Q. Had you any doubt, while they were buying up this stock with a view to the consolidation, after your conversation with Mr. Hooper, about the legality of the purchase?

A. I hadn't any at all.

Q. Did you hear any question raised, except what you have mentioned, about the legality of it?

A. I never did.

Q. The hundred shares you bought were sold; did the sale cover more than the cost to you, and the interest?

A. I should not think it covered the cost and the interest.

Q. Were you not in the hope of getting 60 to 70 for the stock, at the time you transferred those shares at 62½?

Mr. THOMAS. When he transferred the stock at a fair market value?

Q. (By Mr. SHATTUCK.) I do not think, as a director, he had a right to transfer the stock at a fair market value, but at cost. You say you knew nothing of the purchase of stock of Judge Rice?

A. I knew nothing.

Q. Whether Mr. Lothrop supposed, by getting Judge Rice's stock, he would get control of the road?

A. I think he did.

Q. Did that purchase temporarily secure the control of the road?

A. I think that was his idea.

Q. What were Judge Rice's relations to the Maine Central Railroad?

A. I believe he was president.

Q. Now, as to the sale of the Conway bonds, what offer did you make to sell those, before you sold them at 80.

A. I made great effort to sell them at 80, before I succeeded in selling them.

Q. How long?

A. Weeks.

Q. What had you done?

A. I had been to everybody I thought of, that had money.

Q. How did you finally succeed in selling them?

A. I finally succeeded, after writing to Mr. Hooper every two or three days that we must have money, and I did not know how to get it, except by making a sale of the Conway bonds. I got a letter from him, stating that he would take \$100,000 worth of them at 80, the price the committee had authorized. He did not want to take them, but our need was such that he did take them.

Q. Who else did you sell them to?

A. To J. B. Brown, of Portland.

Q. At what price?

A. At 80.

Q. To whom else?

A. To Mr. Jones.

Q. How many?

A. Thirty thousand dollars' worth, I believe.

Q. How many did you take?

A. Twenty-five thousand dollars' worth.

Q. Why didn't you sell the bonds, or notes, of the Eastern Railroad, instead of selling these?

A. I could not seem to get any start in selling the ten-years' notes at less than 90, and I thought it were better to sell the Conway bonds.

Q. You didn't sell any Conway bonds after you were able to sell Eastern notes at 90. Why didn't Conway bonds sell higher?

A. I don't know, except people wouldn't buy them. We tried to place those bonds in New Hampshire, through two of our directors, who were New Hampshire men,—Mr. Johnson and Mr. Jones,—but they were not a favorite security.

Q. But you realized all that you possibly could?

A. I wanted, myself, to see if we could not get them changed into sterling bonds, and placed abroad. I wrote Mr. Lothrop, who was abroad at that time, to have him make some inquiries about it, but he didn't succeed.

Q. As to the Conway road; was that built before you went in as president?

A. Yes, sir.

Q. At what price was the stock issued?

A. I think the stockholders of the Eastern Railroad had a right to take one share of the Conway for five shares.

Q. Whether they took it in any considerable amount?

A. I think so. I was a stockholder in the road; I remember I sold my rights, I think, for seven dollars.

Q. Did you know how much stock Mr. Hooper owned in the Conway road?

A. No, sir; I did not know.

Q. Were there any bonds issued, except what you speak of, of the Conway road?

A. Not that I know of. There were some earlier bonds, but they were guaranteed by the Eastern Railroad in New Hampshire, and the Eastern Railroad in Massachusetts paid for them.

Mr. THOMAS. That is spoken of by Gen. Lawrence, in his report.

Q. (By Mr. SHATTUCK.) Now, I come to the question of the ten-years' safety-fund notes; will you state what the condition of the market for the Eastern Railroad securities was when you made the application to Richardson, Hill & Co. to sell the bonds?

A. I had been to Blake Brothers, who were willing to place the loan at 75.

Q. How long an examination did they make into it?

A. Several days.

Q. Do you know who made it?

A. I think Mr. Harris, one of the firm, made it.

Q. They would only give you 75?

A. Mr. Blake told us there were several things he wanted us to do, and said that he would take the loan at 75; he wanted to make money out of it, and he should not take it unless he could make a satisfactory amount of money out of it.

Q. Did you see any one else in Boston about the loan?

A. I saw Mr. Brewster, of the firm of Brewster, Sweet & Co., who had helped us before, and he said he couldn't sell any more of our notes; he couldn't possibly do it; he told me one day he didn't know where to go to sell \$25,000 worth for us.

Q. What was the state of the market at that time; what were your notes selling for at that time?

A. I do not know.

Q. Whether there was any practical sale to any amount?

A. I think not, sir.

Q. You have stated what Mr. Brewster said; did he want to know what the necessities of the Eastern Railroad were for the immediate future of 1874?

A. The road was very short of money indeed, the floating notes were quite large, and we had certain individuals who loaned us quite a large amount of money, and I had to depend upon outside parties to obtain money; especially in December and January I had to have a large amount of money, and then in February a very much larger amount. That was the reason that I explained that some arrangements must be made to fund the obligations of the road. I wouldn't work again as I did then for any amount of money.

Q. How much had you to provide for?

A. I cannot tell you, sir, but a very large amount; I think I had at least \$750,000 a month to take care of; Mr. Parker could tell you better about that than I can.

Q. I would like to ask you what your business had been before you went into the road?

A. I was a manufacturer for several years.

Q. Had you been in a position to borrow or raise money?

A. Not at all; I never was much of a money-borrower.

Q. You were a lender?

A. No, sir; I didn't call myself a money-lender. I employed my money in my business, which I did mainly for cash.

Q. Had you a large business?

A. At times, large; yes, sir, I think always rather a large business.

Q. How long had you carried on that business in Lynn and Boston?

A. In Marblehead, Lynn and Boston, I had carried it on thirty odd years.

Q. Whether you gave up that business, when you took the presidency of the Eastern Railroad?

A. Practically; I was obliged to.

Q. And when you went into the presidency, what floating debt was there in the Eastern Railroad that you had to take care of?

A. I think that when I went in, the floating notes of the company amounted to three and a quarter millions.

Q. How long time were those notes?

A. I should think the most of them came due in 90 days.

Q. You had to provide for all those?

A. Yes, sir; I had to provide for all those, and the new debts.

Q. How many new debts were there?

A. I think the lowest estimate I made of them, showed that the notes and the debts which came in, altogether amounted to \$6,300,000.

Q. Then, you had this \$6,000,000 of debts; what portion did you have to take care of?

A. I think, when I left the road, that amount was reduced to \$2,300,000; that was reducing it about one-third. The floating notes of the company were once over \$4,000,000.

Q. Now, we will go back to the sinking-fund notes. You say you went to Blake Brothers, to see what their terms were for selling those notes?

A. I went to New York, and spent a week there, and did nothing at all, except to talk money, money, among my friends there, but without success. I came home, and went over again the second time, and succeeded in finding one firm who felt interested enough to say, that if I would promise them that they could have the whole thing at 80 they would take it; which, of course, I refused.

Q. Who did you go to next?

A. I found out in my New York experience that the best thing was to have a Boston man with New York connections, and I then made the arrangement with Richardson, Hill & Co.

Q. (By Mr. DAVIS.) When you were speaking about those sinking-fund notes and bonds, it was another matter; that your action then related to notes; I now understand that you are not talking about notes, but bonds?

A. It is the same thing.

Q. (By Mr. OSGOOD.) How many sinking-fund notes were sold by Richardson, Hill & Co.

A. Two million dollars' worth, at 85.

Q. Do you call those notes?

A. Yes; they were not under seal; they are coupon sinking-fund notes.

Q. (By Mr. SHATTUCK.) Now, who issued those bonds with Richardson, Hill & Co.?

A. Those bonds, or notes?

Q. Those notes.

A. I think there were two New York parties interested in them.

Q. Were they not Morton, Bliss & Co.?

A. I think the arrangement was made between three houses, here and in New York.

Q. How long were they in making up their minds whether they would take the notes or not?

A. I should think more than a month; we were talking about this pacific loan, represented by these sinking-fund notes, and a still longer time about their making some kind of a loan?

Q. How long on this?

A. I should think not more than a month.

Q. Now, whether while this loan was making,—while you were making negotiations,—there was anything said by you, or any director, directly or indirectly, by which any advantage was to be secured to anybody connected with the Eastern Railroad?

A. Not to my knowledge; they never said anything to me, or I to them, and such a thing was not suggested at all. Mr. Adams had always appeared, in his conversation, a little timid about taking the \$750,000; I had talked with him many times, and always told him it was a perfectly safe thing. Before they finally agreed upon it, he met me one day and began to talk about giving the thing up, and asked me, if I thought it was such a good thing, why I didn't take \$100,000 of it; and I said right off that I would take it. I would have taken those notes if I had lost every dollar.

Q. What did you understand his purpose was in speaking to you in that way?

A. I couldn't tell exactly, but I was afraid that he was uneasy about taking the loan, and that he put the question to me to test my belief in the bonds, and my truthfulness in regard to what I had stated to him before.

Q. Did you want those bonds at that time?

A. Not much.

Q. Then you took them to help the road, and for no other reason?

A. Yes, sir; I would have taken them if I had lost every dollar that I paid for them.

Q. Did you know anything about the purchase of the Bar Harbor property?

A. No, sir; I didn't know anything about it.

Q. There is some misunderstanding that Mr. Haven has about the vote for the purchase of the Maine Central stock on the 10th of May?

A. I knew, before I bought the stock, that I had a majority of directors in favor of buying it; I thought it was only fair that there should be a vote upon it on the record; I thought the matter over very carefully, saw the counsel of the road, and talked the matter over with him. He said it was certainly due to me to have such a vote passed, and I asked him if he wouldn't write out such a vote, and he did so.

Q. Is that the vote that Mr. Parker spoke of?

A. Yes, sir; I took it to the office with me, and at the next meeting, that day, I carried the vote up with my papers, and it happened that it was the first meeting which Mr. Hooper attended after he had met the directors of the road. He asked me what business there was to be done, and I told him it was necessary to make this matter straight about the Maine Central Railroad. He said nothing about it, except that some other director would offer the vote. He handed it to Mr. Williams, and, after the board came to order, Mr. Williams offered the vote, speaking of what the purpose was in offering it; Mr. Hooper seconded it; whether I read the vote or not, I cannot say; some of the directors think I did; the vote was put and carried without any dissenting voice, and was handed to Mr. Parker, in the usual manner.

Q. Is that all?

A. After we adjourned, one of the directors came and spoke to me about it.

Q. Whose handwriting was the vote in?

A. In the handwriting of Mr. William G. Russell.

[Mr. SHATTUCK, showing the vote to the Committee: Here is the vote, Mr. Chairman, in a handwriting very well known at the board.]

Q. Who presented this vote?

A. Mr. Williams presented it, and Mr. Hooper seconded it. It was done at my instance.

Q. Were all the directors present?

A. The record will tell you.

Q. Whether Mr. Haven was present?

Mr. THOMAS. O, yes; he says he was present.

Q. (By Mr. SHATTUCK.) Do you recollect whether Mr. Haven was present?

A. I cannot say as I recollect.

Q. The record shows all the directors present, except Mr. Jones?

A. Yes, sir.

Q. Now, as to the property of the road. I think you have stated, that by selling the property that is not needed for the operation of the road, that you thought the debt might be reduced to about eleven and a half millions,—somewhere in that neighborhood; whether you made any examination, so as to form any judgment, whether the road could work itself out, if nothing affected its credit?

A. I did, to the best of my ability.

Q. With whom was it made?

A. Particularly with Mr. Hooper.

Q. Was much time spent upon it?

A. Yes, sir.

Q. What conclusion did you come to?

A. I took the road in February; Mr. Hooper's talk was with me, about that time, and then during the spring. He came home in the summer, and spent a great deal of time in examining the condition of the road.

Q. Then, what did you conclude would be the amount of the debt?

A. Mr. Hooper's calculation was, that it would be about eleven to eleven and a half million dollars.

Q. In your judgment, will this Maine Central stock yield an income to the Eastern road?

A. I should think so; the report of last year says the road did well; it has done very well, and earned money enough to clean off a floating debt, and to pay its expenses and interest, and have something more besides.

Mr. THOMAS. I suppose part of that is due to the extraordinary winter we have had; so little expense in clearing the snow off of the tracks.

Q. (By Mr. SHATTUCK) Have you looked over the returns of last year, to see what the percentage on their debt and stock was for 1874?

A. Yes, sir; I think I have examined it pretty carefully, and my idea is, that the report shows some five per cent. on the stock, after paying the interest.

Q. Whether it would be better for the Eastern Railroad to hold this stock there, with reference to dividends, rather than sell it off on the market at once?

A. I should think so; if it was mine, I would hold it.

Q. Taking the Eastern Railroad as you left it, how many miles of railroad were there under its control?

A. I should think there must be, perhaps, 700 miles; I do not know but more.

Q. Do you know how much per mile the whole debt and stock of all these roads connected with the Eastern Railroad is?

A. I do not know that I ever figured it out exactly; but I should think it would be between \$50,000 and \$60,000 a mile.

Q. And does that compare favorably with other New England roads?

A. I think the Maine Central road is very low.

Q. Isn't the cost primarily of the Maine Central,—including the debt and stock, no larger than the Cape Cod road, in Massachusetts,—a very cheap road?

A. I do not know about the Cape Cod road.

Q. I believe the roads stand about the same?

A. The Maine Central is a good road.

Q. If the Maine Central road and the Eastern road can be kept together, with a division of the joint earnings, whether, in your judgment, the earnings will be sufficient to cancel the debt on both these roads?

A. There is not any division of the joint earnings now; the contract is broken.

Q. Whether, in your judgment, if operated together, they would earn enough to pay the interest on their debt, and something on their stock?

A. Just as soon as there is a revival of business, I think you will see it.

Q. You were president in 1873, were you not?

A. No, sir; in 1874 and a part of 1875.

Q. (By Mr. WILLIAMS.) You were speaking of the amount of the income for 1874 and 1875. The income, above the operating expenses for 1874, was \$998,000. You were president of the road for that year?

A. Yes, sir.

Q. How definitely and accurately do you speak as to the way in which these returns were made up?

A. The figures were all handed me by the treasurer, giving the accounts of the business of the road,—what he received and what he paid out. I would make it up from the regular work of the road. So much of the property of the road as was not used for railroad purposes, was charged to the rent itself. If a purchase had amounted to a million dollars, and half a million was taken for railroad purposes, the interest on that was charged to the operating expenses of the road; but the interest on the other half would be charged to the rent itself, so far as paying the debt is concerned.

Q. What is the data from which the treasurer made up that return? Exactly from moneys that passed through his hands, or from the returns of agents that never passed through his hands?

A. I do not know as I understand you. All moneys went through the treasurer's hands.

Q. None of the data of the account depended upon the returns made by the agents of the road, then? It shows simply the moneys received by the treasurer? I asked the question, because there seemed to be an account not settled.

A. The treasurer can answer you more particularly on that point?

Q. (By Mr. THOMAS.) At the time you entered upon the duties of the president of this road, were there more than three contracts mentioned by Mr. Parker which bound you to take stock in the Maine Central Railroad. The first is for 1,000 shares, the second is for 2,000, and the third is for 1,600 shares. Is there any other contract which bound you to take those shares?

A. I do not think I can answer whether there were two or three contracts, or more. My belief is, there were three—I think there were three. If Mr. Parker says there were no more, it is undoubtedly true.

Q. Subsequently to that, you bought shares in the Maine Central Railroad, and you said it was due to you that the purchase of the shares by you should be confirmed by the directors; and therefore you called Mr. Russell's attention to it, and asked him to write a vote; that is so, isn't it?

A. Yes, sir.

Q. This vote approved the purchase, as I remember, of these shares by the finance committee; your recollection is that that vote was passed. You are not quite certain that Mr. Haven was there; some think he was. Is that so?

A. Yes, sir.

Q. It isn't true that these shares were purchased by the finance committee? So that that is a mistake, anyway?

A. No, sir; the finance committee were an advisory committee; the president advised with them, and if they said they didn't want anything done, it would not be done, unless the board brought it to a vote. Mr. Haven does not probably recollect; but I know that when it was explained that we should lose everything unless he did this thing,—bought these shares of the Maine Central road,—he gave his assent to it.

Q. I understand there was no meeting of the finance committee?

A. The finance committee didn't hold regular meetings; sometimes they got together, but oftener I would see two of them, personally, in regard to any important matter.

Q. Now, when you stated you thought it was due to you that the purchase of the shares by you should be confirmed by the directors, you meant what you said; you wanted a confirmation of it?

A. I thought it should be put on the record.

Q. And it was for the purpose of procuring that confirmation you asked Mr. Russell to draw up that vote?

A. Yes, sir.

Q. A single question about these stocks; you were asked by Mr. Shattuck if you bought those shares for the benefit of the company, and you said yes; do you mean anything more than this, that you bought them for yourself?

A. Which stock?

Q. The stock in the Maine Central road that you bought with that check.

A. That I bought for myself, personally? I bought it because I was asked by the president to hold it for the benefit of the Eastern Railroad.

Q. Now, do you mean anything more than this, that you bought that stock intending to hold it yourself, as a stockholder, thinking it would benefit the Eastern Railroad by having it. You did not mean the Eastern Railroad were to have the profit on this stock?

A. I didn't mean anything of the kind; I bought this stock for myself and held it because I did not want it to fall into the hands of parties opposed to the Eastern Railroad?

Q. If there was to be a loss or a profit in the stock, it was to go to you, and not to the Eastern Railroad; you didn't hold it in trust?

A. No, sir.

Q. (By the CHAIRMAN.) That stock of the Maine Central, if it had advanced on your hands ten, twenty or thirty per cent., you would turn it over to the Eastern Railroad at the price you paid for it, or at the enhanced price?

A. I had a hundred shares of the stock, which, for certain reasons, it became necessary to sell; the Eastern Railroad was obtaining stock to get control of the Maine Central Railroad; I would not sell to parties inimical to the road; there was one hundred shares of stock that could be had at the average price, and at the time it was bought, it was bought in at the average price.

Q. At the time you bought it, supposing it had depreciated by twenty or thirty dollars a share, should you have claimed it at the ruling rate?

A. I cannot tell you; that was not the question.

Q. I understood it was.

A. I bought it and held it as a friend of the Eastern Railroad, and I considered that I paid \$35,000 in order to have a voice in the matter.

Q. This vote was to confirm this purchase,—that vote by the directors?

A. To confirm the purchase so far as the Maine Central was concerned, but with no reference to the fact that one hundred shares were bought for me, myself.

Q. Would you not think that the confirmation of this purchase by your directors would appreciate the stock?

A. I did not think anything about it?

Q. You turned it over at the average rate; what price had you fixed upon it?

A. I called it 62½.

Q. That was the average rate; you fixed upon that because it was just; if that stock had appreciated ten to thirty dollars a share, wouldn't you have turned it over to the Eastern Railroad at the enhanced value?

A. I do not know what I should have done then.

Q. How did you happen to think of fixing the price at 62½?

A. Because that was about the average rate that it cost the road.

Q. You know Mr. Adams, who testified here yesterday,—a most excellent witness,—and you regard him as a truthful man; now, how do you account for this, that Mr. Cummings said to Mr. Adams, that he thought he ought to be favored in the purchase of that stock because he had approved the vote of the company making the lease?

A. I do not know anything about it.

Q. But how do you account for it?

A. I do not account for it; I don't pretend to account for it; I don't know anything about it.

Q. Assuming it to be true,—you are one of the directors,—can you give us any more information than any person who knows nothing about it?

A. I cannot, sir; I would know if I could.

Q. (By Mr. WILLIAMS.) Before we leave this question, as to what the price was at that time, were there any sales in the market?

A. Not that I know of.

Q. Assuming that the stock had been sold in the market at 85, would you then have put it in at 85, or the average price?

Q. (By the CHAIRMAN.) Or would you have turned it over at the advanced price, or at 62½?

A. I should have sold it at the average price I paid, or should have kept it, and when it advanced I should have sold it at the advanced price; certainly, sir.

Q. I understand you now; I wanted to get at your opinion.

Adjourned to 2 P. M.

SIXTH HEARING.

RAILROAD COMMITTEE, STATE HOUSE, BOSTON, }
FRIDAY, March 17, 1876. }

The Committee met at 2 P. M. Senator PALMER in the Chair.

TESTIMONY OF MR. JOHN CUMMINGS.

Q. (By Mr. THOMAS.) Mr. Cummings, were you ever a director in the Eastern Railroad?

A. I was, sir.

Q. When did you become a director?

A. At the election, last year.

Q. The annual election last year,—in January, 1875?

A. I think it was in February.

Q. How long have you been a director?

A. I suppose a director up to this time. I handed in my resignation some time in October, I think, or in November, to one of the directors of the road; but I understood it was never presented or acted upon.

Q. Why did you resign?

A. I resigned because I was not satisfied to go on with the road under the management as it then existed.

Q. Do you mean that you were dissatisfied with any particular director, or with the whole management of the Boston office?

A. Perhaps it would be better for the Committee if they would allow me to go on and make the statement in my own way.

Q. Perhaps that would be the best way to do.

A. The time when I resigned was in the middle of my activity in the road. My connection with the road was in this wise: Mr. Wooldredge came into the bank—the Shoe and Leather Bank—and got to talking about the Eastern Railroad, and said he wished that I was one of the directors.

Q. When was that, sir?

A. I should think it must have been in November or December of 1874; I think it was. I said I didn't know as I could help him any; but if I could help him in any way, I said I would. I asked him who were to be the directors, and he told me who they had for the new and the old ones. I finally was elected a director. When I was notified of it, I went to the treasurer's office and introduced myself for the first time to Mr. Parker, the treasurer, and told him I was just elected a director in the

corporation; and I remember I said I didn't know why I was elected, except that it might be to help the credit of the road.

Q. Were you a stockholder, then?

A. I was not; I said, "If I can help you in any way, I will try and do it; the first thing will be to know how your accounts stand; I want to see how your books stand." He said, "If you will come down any time, I will show you anything you wish." I said, "I don't want you to show me; I want to come here, and in my own way ascertain about this thing myself; perhaps I may want to ask you some questions."

Q. Was that in the month of February?

A. Yes, sir; I should think it was within two weeks after my election; he waited some time, and meanwhile I had been elected a director in the Maine Central Railroad, and put upon the finance committee.

Q. Had you owned stock in the road before?

A. No, sir; I was only representing some stock that belonged to the Eastern Railroad, as I supposed; I went there, and I said that I wanted to know how these accounts are kept; in talking this thing over with three other members of the committee, I suggested that it would be well to send a man down and make an examination of the Maine Central road, and they agreed that it would be very well to do so.

Q. Who were these three?

A. I think Mr. Ward, Mr. Holden and myself made the three, if I recollect right; I told them I knew of a man, if I could get him; while he was not an expert, he was a man who thoroughly understood what he did; they agreed to that, and I notified the man, and he went down and made an examination, and I believe it was entirely satisfactory to all; I suggested that if we could have the Eastern road examined in the same way, I should like it; but there was an objection made to having it done by any one outside of the board.

Q. Who objected?

A. It was objected to by the directors generally.

Q. By the president?

A. Yes, sir.

Q. The exact date of this?

A. This must have been pretty soon after Mr. Wooldredge was made the president; I know he objected.

Q. (By Mr. SHATTUCK.) When did you send a man down to the Maine Central road?

A. That I could not tell you; I should think in May,—the first of May.

Q. When did you report what he found?

A. Immediately after he was there; perhaps ten days.

Q. How soon after that?

A. I could not inform you.

Q. Was it before you presented your resolution to the board?

A. O, yes. In this matter of ascertaining the condition of the road, I wanted to find out about it myself, but I didn't see how I could find time to do it. It was thought that if a public exhibition was made of the condition of the road at that time, it would do harm to the credit of the

road; the credit was very sensitive just then. I don't think the directors objected to an examination of the road, but they wanted it done by a committee of the board.

Q. Now, you have said that, pretty soon after your election, you went down and saw Mr. Parker, the treasurer, and spoke of making some examination; had you previously made that examination?

A. No, sir; the books were never in condition to do it; I was still at work on them; going on—

Q. That must have been about, when?

A. This objection was made, and I saw some force in it; and some time in the first two weeks I offered the resolution, [paper shown witness]; that is the resolution I offered; I drew the resolution, or had it drawn, and consulted with directors before I presented it; Gen. Lawrence was not at home, and I hadn't consulted Mr. Haven; all the other directors I had consulted, and they had all said they would go for the resolution.

Q. Mr. Wooldredge, among others.

A. No, sir; I went to the meeting, or, rather a little prior to the opening of the meeting; Mr. Haven was then present; I said I had a resolution I proposed to offer. He took it and read it, and says, "Does the president know of this?" I said, "He does not"; he asked, "Will he object?" I said, "I hope not"; he said, "Are you willing that I should talk to him about it?" I said, "I am, sir." He then took the resolution and read it to Mr. Wooldredge, and he seemed to be disturbed by it. The meeting was called to order, and at once I said I had this resolution, and I read it. Mr. Wooldredge said that that work was the proper one for the committee on accounts, and says, you can get on that committee. I said I preferred it should be a separate committee; and when I had read the resolution, Mr. Haven seconded the motion, and somebody made an amendment to it by constituting myself, Mr. Lawrence and Mr. Williams as the committee. The resolution was passed unanimously; Mr. Lawrence was still away, and after some days Mr. Williams and myself went down to the office to begin our examination. The first thing we wanted was a room to do it in. Mr. Wooldredge said it could not be well done in his office, as it would be too liable to interruptions; he said there was a small room near by, which we could have; it was about as big as this area, and with no decent light to it. I said that wouldn't answer; then he said, can't we go into the superintendent's room? It was a good deal away from the treasurer's office, still we took it, and began our investigations by commencing with the previous year, the first of December, 1874. We took the vouchers, and checked them by the books. Generally, we found them correct; some were wanting; some mistakes were made. I soon found that the system of keeping accounts there was not what seemed to me to be a mercantile system. I made various suggestions of what seemed to me improvements, and he objected to none of them, I think. I asked for the cash-book, and they brought in two or three books, that together made up the cash-books, but there was no cash-book that showed the daily receipts, and from whom; the daily payments, and to whom; there was no way by which I

could ascertain, excepting by copying manuscripts, what was the balance of cash on hand any given day. I do not doubt but that Mr. Parker understood it; but I didn't, and I objected to that. I asked if there was any record of the notes, and he brought in a book, or the remains of a book, that once contained those notes—the stubs; in the margin was the date, and that seemed to be the record of the notes. I was not satisfied with that, and told Mr. Parker there ought to have been a different account kept; but we found no different account but that. There were many other things that were not as they should be; the books were not kept up. Meanwhile, Gen. Lawrence came home, and joined us in the examination; and after a good deal of delay, as best we could we went through the examination of the accounts, still leaving us, in doubt as to their exact condition, either as to the notes or other transactions. I should say that Mr. Wooldredge made his report to us at every meeting showing the comparative earnings of the road, and the net; and we were continually told, that while the road was not paying its expenses and interests, it would be able, before September, to more than do that. It must have been some time in October that I was away; and there had been a report made, and an abstract of the report published, when I came home; and I had previously said that I believed there should be a change in the presidency of the road. I did not believe that Mr. Wooldredge could sustain the road in his position. Mr. Wooldredge had consented to resign, and had placed his resignation in the hands of the directors. They had voted to lay it upon the table; and at the next meeting, it was voted to take it from the table—all voting to take it up but one. I still said I did not believe that the road could go on with Mr. Wooldredge at the head.

Q. Who was that one?

A. That was myself. I was asked if I wouldn't reconsider my negative vote, and I said no, I could not; they said they could not go on with a divided board; I said, "I won't do you any harm; if you want to go on the street and say the road can't get on in this way, you may; I can't do it." Well, they said the board would be divided, and they couldn't get on in that way. I said, "I will make your board a unit," and I reached out and took a piece of paper, and wrote my resignation, and handed it to Gen. Lawrence, who was in the chair. They were very sorry, but there was no other way for me to do. He said he hoped we should be friends, and I said we certainly shall be.

Q. Who said that?

A. Gen. Lawrence. I did not attend the meetings of the board. I was waited upon again, and asked if I would withdraw that, and I said no; and then I was waited upon again, to know upon what conditions I would withdraw my resignation, and I said if Mr. Wooldredge would resign. I was asked if I thought he ought to resign as president, and I said I did think so. I was told he had resigned, and then I changed my mind and said I wouldn't go on with him in the board; and they said they didn't elect him into the board, and they couldn't ask him to go out. I said I would meet Mr. Wooldredge, anywhere, and be his friend, but I wouldn't sit at the board with him. Then, afterwards, I was waited upon

again, and they said Mr. Wooldredge had resigned and gone away, and I was asked if I would go to the board, and I have been to the meetings ever since.

Q. Does that complete the statement you wish to make?

A. I would like to correct a statement in regard to my bonds. I believed I could,—perhaps I was too vain,—but I thought I could help bring about a settlement with the Boston & Maine and Eastern Railroads; that seemed to be the great difficulty. I believed there was a system of railroads running through that country, that ought to support those roads, and I believe an arrangement might be made. Well, I talked that way, and finally there was a committee of one of the Boston & Maine, and one, myself, of the Eastern road, to see if we could do it. And we had various meetings, and we both worked hard to bring about an amicable adjustment of the troubles. Finally, we did get pretty close to a settlement. I made a report, and the condition was, that the agreement should not be binding upon either party, except it was accepted by both roads within ten days. I presented it to the directors, at the meeting of the Eastern Railroad. Mr. Wooldredge and Mr. Hatch were there, and they objected to it,—and some of the others,—that it was not the best thing for the Eastern road; but I felt it was strongly in the interest of peace, and that if it was not entirely justice, it would be better for the Eastern road to take it. But it was finally postponed to the next meeting of the directors, some days after the expiration of the ten days' limit. I felt it was a disrespect to me, after making the report as I did, and working as I had to place it in that position; and I said so. I had previously bought 450 shares of stock, and some \$80,000 or \$90,000 worth of bonds; I felt so strongly in the matter, that I went right to a broker's office and sold my stock and bonds in that road. I sold all my bonds, and all my stock, except ten shares. My bonds were sold at 91 and 92, and my stock was sold from 51½ up to 60. I see the report has it that I sold my bonds at 75, but that is not true; I made about \$2,000 or \$3,000 by the operation. I sold them out, because I felt that we were not going to make the arrangement with the Boston & Maine Railroad; and if it was going to be a continuous fight, there was no money in them. I found it was to be war; as one of the Boston & Maine gentlemen said, it was to be war, "and we are going to use a knife." I had previously, however, bought \$100,000 more of the bonds at 90. I had sold \$59,000 worth, when I found this trouble was going on in this way; if that was to be the programme of war, I would keep my investment intact, and I have got \$41,000 worth of the bonds now, and ten shares of the stock. I sat by and saw it go down to 50, and I didn't propose to change my bonds in the road, and I haven't.

Q. (By Mr. WILLIAMS.) When did you buy again; as I understand, you sold out once?

A. I bought them, it must have been some time in August; they were some of Mr. Hooper's bonds.

Q. And when was it you sold the first time—how long before you bought again?

A. It must have been a month or two.

Q. (By the CHAIRMAN.) You mean to say, you kept what you bought the last time?

A. What I bought myself I have now; those which I sold I bought at 50.

Q. (By Mr. OSGOOD.) Was the statement Mr. Adams made,—yesterday, I think it was,—with regard to your going to him and asking you to let him have the bonds at 85—was that statement correct?

A. At the first meeting after the election, we were called upon to ratify the contract that was made for the selling of those bonds. The contract had been made by the previous directors. I said then, and I have said a good many times since, that they had never asked me to give any vote that I should do more reluctantly than I did that; but since the previous board had made the contract, I felt we should stand by it. I did go to Mr. Adams, and said to him that he was making four per cent. on those bonds, and it seemed to me a large commission. Said I, “I should like to take some of those bonds at less than 90.” He said, “No one has had them any less, and we can’t sell them to you any less.” I said, “I shall never cast a vote in that board more reluctantly than I did when I voted to let you have those bonds at 85.” I went to him a few days before they were to be opened, and asked him about putting in a bid. He said they would probably all be taken, and at better than 90; if I wanted some, I had better put in a bid above 90. I said I would not, but put in a bid at 90 for \$10,000.

Q. (By the CHAIRMAN.) Did you get any of them?

A. Yes; I got those. He told me the whole \$2,000,000 was taken, and something more; but he did let me have them at 90, and not as a favor either.

Q. (By Mr. THOMAS.) When you first went into the direction as a director, you didn’t own any stock?

A. No, sir.

Q. And you didn’t own any bonds?

A. No, sir.

Q. And had no interest in the Maine Central?

A. None at all.

Q. And no interest in the Boston & Maine?

A. No, sir; never did in the Boston & Maine.

Q. You went into this direction, and you went down about a fortnight, you say, after you were elected, and saw Mr. Parker?

A. Yes.

Q. And he told you the books were not in that condition in which you could readily understand them, but he would explain them?

A. He said they were making changes.

Q. He said he would explain them?

A. Yes.

Q. And you said you didn’t want him to do that; you had rather look at them yourself?

A. Yes.

Q. You didn’t lack confidence in Mr. Parker?

A. I never did.

Q. Neither as an honest man nor as an accountant?

A. I don't say the last.

Q. Certainly not as an honest man?

A. I never did.

Q. And you don't mean here, now, to impute the least thing against him?

A. No, sir, I don't.

Q. You told him, at the conclusion of that interview, that you would come down to look them over in a few days, a fortnight or so, and see what you could find yourself?

A. Yes, I think I did say I would come in a fortnight, and he said as soon as he could get them ready.

Q. You have said so. Did you go down?

A. I don't think I went there.

Q. Why didn't you go down there and make that inquiry, in pursuance of the suggestion you said you had made that you should go?

A. I made the inquiry, and found the books were not ready.

Q. I thought you said you didn't go down?

A. I did not.

Q. Where did you expect to find the books, except down to the office?

A. If I met Mr. Parker in the bank, and asked him if he was ready, he could answer that as well as at his office.

Q. (By the CHAIRMAN.) Right here, if you will explain about one phrase I don't understand. I would like to ask Mr. Cummings what we shall understand by "getting ready"?

A. I understand that the books, in changing from the auditor they had, over to another system, were somewhat in confusion?

Q. (By Mr. THOMAS.) Well, now, you spoke of going down to look at them yourself, and at the same time, as I understand you, Mr. Parker said he would be happy to aid you?

A. Yes.

Q. And you think you had conversation with him somewhere,—perhaps in the bank,—in which he said the books were not quite ready?

A. I think he said that many times.

Q. Was that the reason you didn't go down?

A. Yes.

Q. Now, then, did you ever make any examination of the books in pursuance of your statement that you would be down to examine them?

A. I made suggestions, and we had an examination, as I stated. We had all the vouchers, and went over and checked them. Mr. Williams and I spent as many as five or six weeks.

Q. You were on a committee?

A. Yes.

Q. Did you ever, personally, make any examination of the books?

A. Yes, I did. I was in there and looking over the accounts of Mr. McNeil. He had a long book spread out there, and said I, "Mr. McNeil"—

Q. I don't care what you said to Mr. McNeil.

A. Well, I care to state it,—“Is this the salary account, are all the salaries there?” “Yes.” “Is that the balance of the month?” “Yes.” “President’s salary there?” “Yes.” Said I, “How much do you pay the president?” “Pay him \$10,000.” Said I, “Is that all you pay him?” “Yes. That is all the Eastern road pays him.” Said I, “Mr. McNeil, don’t attempt to evade; you need not answer me; don’t evade any question I may put; either say you don’t know, or don’t want to answer, but state just as it is.” Said I, “Don’t you know Mr. Wooldredge has \$20,000?” Said he, “No, I don’t know it.” Said I, “Does Mr. Parker pay any bill you don’t credit?” “No, sir.” “Why don’t you know it?” Just then the other bookkeeper came up to me and said, “Mr. Cummings, we don’t know it, but we have heard of such things. Mr. Parker will explain to you, I think, the whole of it.” Just then Mr. Parker came in, and I called him into the president’s office and said, “How is it about this salary of Mr. Wooldredge?” Said he, “I will tell you, Mr. Cummings; \$10,000 is put down on the pay-roll, and \$5,000 from the Portland, Saco & Portsmouth, and \$5,000 from the Great Falls and Conway, is charged to the profit and loss account.” “Do you think that is right?” said I. “No; I don’t.” “Why do you do it?” “Because Mr. Hooper told me to.” “He is one of the finance committee?” “Yes.” “I am one of the finance committee, and I tell you not to charge that that way, and, if you do, I will put a stop to it.” Said he, “If you tell me not to do it, I will not do it.” Said I, “I tell you not to do it.” Said he, “Mr. Cummings, only you and two other directors know that.”

Q. Well, sir, did you make an examination of the books?

A. No further than that.

Q. What examination have you stated you made, except in respect to the salary? What other examination?

A. I examined the books then, with regard to the other questions; with regard to the ticket question, etc.

Q. What did you find?

A. I found a general looseness.

Q. Find anything wrong on the ticket question?

A. I found there were no checks made upon the ticket sellers.

Q. Did you find anything else wrong?

A. I found a great many free passes there, which I didn’t think were right or just.

Q. Were they on the books?

A. No, sir.

Q. Did you find anything else wrong on the books?

A. I don’t know; I found something wrong upon the books; I found a \$600 check that had been lying somewhere for a year and a half.

Q. Yes; whose check was that?

A. It was Mr. Frank Jones’s, I think. It had been lying a year and a half, and we found it had not been answered, and Mr. Parker brought it out. I don’t think there was anything wrong, except a mistake. I think Mr. Parker was as much surprised as I was.

Q. Was there anything more than that the check had been overlooked?

A. I don't think there was.

Q. Then you found a check had been overlooked, which was mere carelessness perhaps; you found something wrong about the tickets; did you find anything else wrong?

A. I don't know that I did.

Q. That, then, was the extent of the examination. How soon after you were elected?

A. That resolution—

Q. I am not talking about the resolution. This examination you made of the books prior—

A. I didn't make any examination.

Q. You said you found out about the check there?

A. So I did.

Q. How long was that after your election?

A. I could not tell.

Q. Before you offered this resolution, did you, at any meeting of the directors of the company, previously to your offering this resolution in the board, call the attention of the directors to these irregularities of which you have spoken; that is, the salary, the tickets, and the check?

A. Yes, I did.

Q. When?

A. Not in open board.

Q. That is what I mean. Why didn't you call it up?

A. With regard to the tickets, I did, and had a vote passed.

Q. Yes; with respect to the tickets. Was there any vote passed with respect to anything else you found wrong?

A. Yes, there was.

Q. What was that?

A. I found upon my examination that there was an open account kept at the Falmouth House at Portland, and there was a vote passed that no officer of the road should have any open account anywhere else?

Q. Did you find that on the examination you made personally, or when you were one of the committee?

A. When I was a member of the committee.

Q. I am not inquiring about that yet. Was there ever any other vote passed that related to any inquiry you had made alone?

A. I am misleading you, or you are me, because the vote with regard to the tickets was after the examination by the committee.

Q. Then you are misleading me. I ask you about nothing yet, after the resolution.

A. No, sir; I don't think there was any vote passed.

Q. Did you call the attention of the board to the tickets, or any matter?

A. I don't think I did, publicly.

Q. After you found these irregularities, why didn't you?

A. I say I only found irregularity about the salary. That was discussed, not at the board, but by us individually whenever we met, and

we all agreed upon it that it should be brought up; and I told Mr. Wool-dredge that he ought to bring it up. He said he didn't think it was his place to bring it up.

Q. Was there anything else you discovered in the examination you made alone, so far as the directors were concerned, that you brought to the attention of the board?

A. No, sir; I didn't find any.

Q. Did you find anything in the condition of the road that alarmed you?

A. Not before the examination by the committee.

Q. When, in respect of that resolution that was offered for the ap-pointment of the committee, when had you bought your stock; before or after that?

A. O, long before that.

Q. Long before that?

A. Yes, long before that.

Q. You bought bonds?

A. Yes.

Q. Of whom did you buy your stock?

A. I bought it in open market.

Q. When did you buy these bonds of Messrs. Hill, Richardson & Adams?

A. I bought them at the time the bids were opened.

Q. Yes; well, now, then, I will follow in the line that you have laid out, though it is not exactly the course I should choose, and go back. Have you stated all the conversation you had, when you offered that reso-lution, with the directors?

A. I don't believe I have; I don't believe I could, very well. There was a good deal of discussion about it.

Q. Isn't it true that Mr. Haven and other directors appealed to you not to have that made public, lest it might impair the credit of the road?

A. I think it was understood at the time, it was not to be made public.

Q. Yes. Hadn't you shown that resolution, before you carried it there?

A. I should not wonder.

Q. Should not wonder! Don't you know that you did?

A. Why, yes, I did.

Q. Very well; to whom did you show it?

A. I don't know. I might to anybody.

Q. Whom did you show it to?

A. I don't know.

Q. Show it to Mr. Harrington?

A. I don't know.

Q. Don't you think you did?

A. Don't know anything about it. If I had met any friend on the way to the meeting, I should very likely have shown the resolution.

Q. And told him you should offer it?

A. And told him I should offer it.

Q. And before it passed?

A. I knew it would pass, because I had got the consent of all the directors that it should pass.

Q. Had you at that time made any examination?

A. No, sir.

Q. Had not?

A. No, sir.

Q. What was there, then, in your mind, with respect to this matter, that led you to offer this resolution? Not what you had discovered, because you had discovered nothing. But what was there in your mind that led you to suppose there was anything wrong?

A. I think that, if you will allow me to read the resolution, I think the resolution will express it as it lay in my mind, better than I can express it myself, and I don't think it will need any explanation after it, because I know the resolution did express just what I thought:—

"Whereas, The government of the Eastern Railroad is by law vested in its board of directors; and

"Whereas, The stockholders, as well as the public, do hold, and by right ought to hold, said board to a strict economy in the management of the road; and

"Whereas, It is our duty, as directors, to know and fully understand the true condition of said railroad, financially and otherwise, that we may properly discharge the duties of our office; therefore

"Resolved, That a committee, consisting of Messrs. Cummings, Williams and Lawrence, be appointed, with full powers, to examine, investigate, and inquire into the condition and management of said railroad, and all of its departments; and for that purpose, they shall have access to all the books of said railroad, and may examine any of its agents and officers, and shall report the results of their investigation to this board, at a meeting to be held on the call of the committee; and in said report they shall make such recommendations and suggestions as the circumstances of the case may require."

I think that expresses exactly the reason why I should offer it.

Q. You think that expresses the reason?

A. I think it does.

Q. Did anybody, before you declared by the preamble of that resolution that the directors were responsible for the railroad, did anybody doubt that?

A. I don't know.

Q. Did you doubt it?

A. I did not.

Q. And you had been elected in that confidence just previously?

A. I had; but I didn't find a director in the road that seemed to know anything about its condition. Mr. Haven said he had been a director for many years, and he didn't know; and it seemed to me we ought to know.

Q. Didn't you inquire, before you were elected a director?

A. No, sir; I did not.

Q. Do you mean to say you had no conversation with Mr. Wooldredge about your going in with him as a director, before you were elected?

A. No; I don't mean to say any such thing.

Q. It was understood so, wasn't it?

A. I went in there, as a friend of Mr. Wooldredge.

Q. The tickets were made up after that?

A. Yes.

Q. And you were going into this road as the new director, and as well before as afterwards you knew that the stockholders of the road would look to you to take care of their property. And you knew, didn't you, that the finances of this road, to use your word, were in a delicate condition?

A. I did.

Q. Then, you understood that. Didn't you know that to offer this resolution, and to have it go abroad, would impair the credit of the road in its then condition?

A. I didn't think it would.

Q. Did not?

A. I did not.

Q. Why did you pledge yourself to secrecy?

A. I didn't pledge myself to secrecy. After the resolution was offered, it was thought that it would be for the interest of the road not to publish it.

Q. Didn't you assent to that?

Q. I did, sir.

Q. Didn't you give the directors to understand, that if they should pass that resolution, it would be kept secret?

A. Very likely.

Q. Don't you know you did?

A. No, sir.

Q. But very likely?

A. I think so.

Q. Didn't you remember that you had, before you went there, shown the resolution, and that you had said you were going to offer it?

A. I didn't suppose, that because I had promised I would not divulge, that therefore I should take back what I had previously divulged. I never divulged anything after I agreed to keep it secret.

Q. Let me understand. Didn't you give the other directors to understand, that if that vote passed, it would not be found out through your instrumentality, at least?

A. Very likely.

Q. And was it not then in your mind, that it must necessarily be known, because you had shown the vote, perhaps that very day?

A. No.

Q. You didn't remember you had shown it to Mr. Harrington, your partner?

A. If I did, I should feel it just as secret as if I had shown it to my wife.

Q. Didn't you show it to anybody else?

A. I don't know that I did.

Q. You have just stated that you might have?

A. I don't know.

Q. Don't know that the day after the vote was passed the news was abroad? .

A. It would be the strangest thing in the world, after we began our investigation—

Q. Didn't Mr. Haven and other directors there appeal to you, and say, "Now, we have regular standing committees on these different departments, why not let them examine"?

A. Yes, certainly they did; some members did.

Q. Didn't they suggest that you might be added to these committees?

A. Mr. Haven did.

Q. And didn't they suggest that, if that was done, the credit of the road would not be impaired?

A. Not at all, sir.

Q. No?

A. No, sir.

Q. No such suggestion made, that, if it was referred to the standing committees, no inquiry would be made?

A. No, sir.

Q. Didn't you know that it would set this all ablaze?

A. I did not. The bonds were selling at 91 or 92.

Q. Can you give any reason, not contained in that resolution, why the resolution was offered?

A. I think not.

Q. Is there any fact in your knowledge now, or was there then, that you deemed irregular, and that ought to be inquired of by the committee?

A. There are facts in my knowledge now.

Q. Well, what?

A. A good many of them.

Q. Well, what is one?

A. The very fact of the president's salary.

Q. That you have spoken of. What is the next thing that demanded inquiry? What is the next thing irregular, beside the salary?

Q. (By the CHAIRMAN.) Did you think that the suppression,—that the suppression or covering up of the fact of the president's salary,—as if for hiding it,—that that was an instance of deceitfulness that would imply a great deal more?

A. I did. There was another transaction I found there that troubled me, and that influenced me since.

Q. (By Mr. THOMAS.) Well, I mean what operated upon your mind when you introduced the resolution? Was there anything more than that?

A. Nothing more than the fact that there was none of the directors who understood it; and what was the sense in talking about it, when we didn't know how things were?

Q. Why wasn't it proper for—if the directors wanted to understand it—why was it not proper for you to accept the proposition to go on the head of the committee?

A. I don't think it was fair.

Q. (By the CHAIRMAN.) If we understand in regard to his salary,—the hiding of half his salary,—was that the thing which first excited your suspicions?

A. Not altogether, sir; that among other things.

Q. (By Mr. THOMAS.) What other things?

Mr. SHATTUCK. I think it is important to have this go in with this. It is said here by the Chairman that this was a hiding.

The CHAIRMAN. I didn't intend to state that, and I beg your pardon if I gave that impression. I wanted to see if he would adopt that as his language and his reason. I wanted to see if Mr. Cummings would state this: "I found what I considered an instance of palpable deception in one case, and therefore it excited my suspicions of the whole." I didn't mean to say it, and I beg pardon if I implied it.

Q. (By Mr. SHATTUCK.) Didn't Mr. Wooldredge tell you before you went in there that his salary was \$20,000?

A. He told me he had \$20,000, and I supposed it to be so.

Q. (By Mr. THOMAS.) Whether or not you regarded that as such a solemn thing that you inferred from it that there were other things wrong?

A. I did, sir.

Q. Was it concealed from you?

A. I didn't know how the account was kept.

Q. No matter about the account; was it, or was it not, concealed from you?

A. It makes all the difference in the world to me, as to my confidence in a man, whether he keeps his accounts correct.

Q. That was confidence in Mr. Parker, wasn't it?

A. No, sir; Mr. Wooldredge had directed the accounts to be kept so.

Q. O, that is it. Let me see, was the fact that Mr. Wooldredge had \$20,000, or was to have \$20,000, concealed from you?

A. Well, I found there was—

Q. Was it concealed from you, or did you know he was to have it?

A. I did know he was to have it.

Q. Didn't you state that you talked with a large number of directors, and they also knew it?

A. No, sir; they didn't know it.

Q. Anybody beside you?

A. Two other directors, I was told.

Q. Who were they?

A. Mr. Johnson and Mr. Jones.

Q. They the only ones?

A. I don't know but Mr. Haven knew of it.

Q. Didn't Mr. Hooper know it?

A. He was dead.

Q. The other gentleman who came in?

A. Mr. Williams I don't think knew of it; he said he didn't.

Q. The other Mr. Hooper who came in?

A. I don't think he knew it.

Q. Well, you knew it?

A. Yes, I did.

Q. But you thought it was kept secret from your associates, or several of them; why didn't you call attention to it?

A. I did.

Q. At any meeting?

A. I asked Mr. Wooldredge to have it attended to.

Q. At any meeting?

A. No, sir.

Q. Was there anything after that that alarmed you, with reference to the condition of the road, which led you to offer this resolution?

A. Yes, there was.

Q. What was it?

A. It was that there was an objection made to having an expert make an examination of the accounts. It was that, more than anything else.

Q. Who made that objection?

A. Mr. Wooldredge made it, and the other directors, too, made it.

Q. What objection did they say there was to it?

A. They said they thought it would do harm to have an expert come in.

Q. What did you suppose an expert could obtain, by an examination of the accounts, that Mr. Parker did not already know, and would inform you of?

A. I didn't think Mr. Parker understood keeping the accounts as they should be kept, and I didn't think Mr. Parker could inform me or anybody else.

Q. You stated you thought Mr. Parker understood them, but you did not; did you suppose any expert could go over those books and give you more light than Mr. Parker and all your clerks?

A. I did; but I don't now.

Q. You did, then?

A. I did, then. I was satisfied that, by an expert in the business, it could be done; but I doubt it, now.

Q. Don't you remember that the other directors remarked, when you offered that resolution, that it would impair the credit of the road?

A. I do not, sir.

Q. Do not?

A. I believed it would help it; I believed that would help the road.

Q. You did that, then, not to find out what was wrong, but to help the road?

A. I did it to find out its true condition; and I believed if the public knew its true condition, it would help it; and my confidence was such that I had invested my money there.

Q. Now, Mr. Cummings, isn't it a fact that you had talked with Mr. Harrington before you went there, about that resolution?

A. No, sir; I don't think it is.

Q. Mr. Cook?

A. No, sir—Mr. Cook, no. I talked with several that we were going to have an examination, and I told Mr. Cook that. I told many we were going to have the books examined.

Q. You had talked about it?

A. If you ask me if I talked about having the accounts of the Eastern Railroad examined by anybody, I should tell you I probably talked with a hundred.

Q. A hundred?

A. Before I went there.

Q. That you were going to have an examination?

A. Yes.

Q. And when you talked, you meant you were going to have an examination made by a committee raised for that purpose?

A. I didn't mean any such thing.

Q. And when you talked about this examination, how many shares did you hold?

A. I held 450.

Q. What rate had you bought them at?

A. From 59 to 60.

Q. And you had bonds?

A. Yes, I did.

Q. What had you paid Mr. Adams for those bonds you bought of him?

A. I said I paid 90.

Q. Do you remember the date you bought them?

A. No, I don't.

Q. Don't. How long did you keep them?

A. Those that I bought from Mr. Adams?

Q. Yes.

A. I kept them till the time I made the report on the Boston & Maine Railroad, and that report was objected to. That day I began to sell. I can't say what day that was, but the books will show, if it is necessary to know the date; but I began to sell that day, after I made my report.

Q. Didn't you, after this report was made, didn't you declare publicly that you intended to sell out everything you had in that road?

A. I think very likely I did. I am not in the habit of carrying many close secrets in my breast, if they don't interfere with anybody else.

Q. But if the condition of this road was so delicate as you say it was, it might impair that?

A. I think very likely, when I went down to Brewster & Co.'s—there is where I went—I told him I was going to sell out; that I believed the Eastern directors didn't believe in making the arrangements with the Boston & Maine. I think I did tell him that. If I had been a wise man I would probably not have told him anything, but got the most I could for them.

Q. Perhaps we shall see how this wisdom was. You sold them at a profit?

A. I sold them on the market.

Q. You made a profit?

A. It was in the buying I made the profit.

Q. Let us see about the buying. What was the reason in your mind which led you to say to Mr. Adams, when you went in there, "I think you ought to favor me a little in this"?

- A. I don't think I said that.
Q. He said you did?
A. He said so; I don't say so.
Q. You think you did?
A. No, sir.
Q. You swear you didn't?
A. I will swear I don't think I did.
Q. You don't think you said anything of that kind?
A. I don't, sir.
Q. Didn't you give him to understand that you favored the passage of the resolution to put the notes into his hands?
A. No, sir; I will tell you what I said.
Q. What did you refer to that for?
A. I told Mr. Adams, after he said that he would not sell me the bonds at less than 90, I said to him, from the fact that he was getting these bonds at 85, that I should never be called upon to vote, confirming any vote of that road, so reluctantly as I did to give him that privilege.
Q. What led you to tell him that?
A. I didn't think the bonds ought to be sold for that.
Q. You didn't tell him, at all, that you voted to sell them to him at 85?
A. No, sir.
Q. Did you ask him to sell them to you at less than he was selling to others?
A. I did.
Q. Why?
A. Because I thought five per cent. was a large profit.
Q. But no larger profit for you than for others?
A. The public didn't know he was getting them for 85, and I did.
Q. And you thought he ought to favor you?
A. I did.
Q. You thought that 85 was too low?
A. I thought so.
Q. You thought he ought to pay more?
A. I have just said, I should never be called upon to confirm a bargain so reluctantly as to sell these at 85.
Q. If you thought it wrong, why did you vote for it?
A. Because the previous board had made the bargain.
Q. Did you think it wrong when you voted for it?
A. I did.
Q. And you voted for it reluctantly—that is, you voted for something wrong reluctantly. What difference did the reluctance make, except to delay it a minute?
A. I do a good many things reluctantly.
Q. Well, but this was wrong, you say.
A. I say it was wrong to sell them at 85.
Q. Then, why didn't you stand by the right?
A. Because it had been done by the other board.
Q. Because a man had done wrong, you would do the same thing?

A. If my predecessor had made a bargain, and I was to follow him, wasn't it right for me to confirm his contracts?

Q. That would depend on your answer, whether or not the acts should be confirmed. You thought they had made a bad bargain, but you thought it was right for you to confirm that bargain?

A. I did.

Q. What was the use of telling Mr. Adams that you voted for it very reluctantly, or should vote for it. Why did you tell him?

A. For the same reason I tell you now.

Q. You said that was the last vote he should have?

A. I didn't say any such thing.

Q. Substantially that?

A. It is no such thing. I had nothing of that sort on my mind

Q. Did your bonds, afterwards, go back into Mr. Adams' hands?

A. I don't know anything about it.

Q. To whom did you sell them?

A. I stated to you I put them with Brewster, Sweet & Co. They sold them for me.

Q. In the examination you made afterwards, as the committee, did you find anything essentially wrong? Anything on the part of Mr. Parker?

A. I don't think I did.

Q. You know you didn't, don't you?

A. I don't call to mind anything. I told you I believed Mr. Parker was honest.

Q. What did you find wrong in your examination?

A. I found a lack of system in the accounts.

Q. That is all?

A. Yes.

Q. Lack of system in the accounts?

A. Yes.

Q. And that is all you found. You attribute the disaster to this road, or rather the final result,—the catastrophe, if you please, to call it so,—came from the bad system of keeping books?

A. No, sir.

Q. What did you find wrong in the way of receipts, or expenses,—business any way?

A. Do you mean bad management?

Q. Yes.

A. I think it was bad management, in the first place, in buying the Charlestown lands; I think it was bad management in attempting to go into Maine Central Railroad, so as to get control of their business, because that involved the buying of the Charlestown lands.

Q. Yes. Did you ever vote to buy any of this Maine Central stock?

A. No, sir.

Q. Did you ever hold any of it?

A. I supposed I held my office by virtue of some having been placed in my name.

Q. That is all you ever held?

A. Yes, sir.

Q. Never owned any, and never sold any?

A. No, sir.

Q. You thought that was unwise?

A. I did.

Q. Had it all been bought before you went there?

A. Yes.

Q. Before you were a director?

A. Yes.

Q. Wasn't it paid for afterwards?

A. Some of it was.

Q. Did you inquire into the contract that had been made for the purchase of this stock?

A. No, sir; I did not.

Q. What else did you find wrong besides the Charlestown land and the purchase of this stock?

A. I don't call to mind any.

Q. Isn't it true some of this stock was purchased after you went there?

A. None that I know of.

Q. Call to your mind anything?

A. I don't call to mind anything.

Q. Wasn't it this, Mr. Cummings: that the receipts of this road, over and above the expenses, were less than you supposed they would be?

A. The receipts didn't come up to enough to pay the interest. I found we were running behind. As to the results of what our committee found, Mr. Lawrence, in his report to the stockholders, made as clear an exhibit of the condition as we found it, as it would be possible for me to make.

Q. About the time that you introduced this resolution, did you publish some communication in the papers?

A. I didn't publish anything. There was something published that I said afterwards. I didn't publish anything.

Q. Wasn't your name to it?

A. No, sir.

Q. You didn't write it?

A. No, sir.

Q. Weren't you aware, now, from your business in a bank and institutions of that character, and a railroad,—weren't you aware that the passage of this resolution,—accompanied by the knowledge that it had been passed—to choose a committee of investigation outside the regular committees, would impair its credit?

A. I was loaning them then, over \$100,000, at five per cent., on call, and I didn't call it. I didn't believe it.

Q. What induced you to resign?

A. I told you what induced me to resign.

Q. Any other reason?

A. No, sir.

Q. I don't remember any, except your disinclination to associate with Mr. Wooldredge.

A. Officially. They said the board was a division with me in, and I said I would make it a unit.

Q. What did you want that they didn't want?

A. I voted "no" on taking the resignation of Mr. Wooldredge from the table. They asked me to reconsider my vote, and I said no, I would not.

Q. What I want to know is, what Mr. Wooldredge had done, or what the other directors had done, that you disapproved of, and which caused you to resign?

A. I don't think they had done anything. I think the directors were a unit about that time.

Q. What had they neglected to do?

A. I don't think that they had neglected to do anything.

Q. What did you want done that they were not willing to do?

A. I don't think that I ever made a proposition there that they did not adopt, except the settlement with the Boston & Maine.

Q. Was there anything about it, except your relations to Mr. Wooldredge?

A. It was not my relations to Mr. Wooldredge. I was my lack of confidence in Mr. Wooldredge's ability to carry the road. My relations were friendly with him, and are to-day, I hope, on my part, and they ought to be on his.

Q. What did you suppose any president could do, that Mr. Wooldredge was not doing?

A. I thought he could do a good deal.

Q. What was one thing?

A. In the first place, the president, or head of any corporation or body, makes the atmosphere of it.

Q. Makes what?

A. Makes the atmosphere.

Q. O, the atmosphere of that corporation?

A. Yes.

Q. I didn't know that; I suppose it is true, though.

A. I found it so, at any rate. If it is good, it is well; but if it is bad, it is not well. I thought the atmosphere of that road was not good.

Q. What was there about Mr. Wooldredge that affected the atmosphere, I should like to know?

A. The road seemed to be offensive, however.

Q. Is there any other reason you can give, except that?

A. It was my lack of confidence in the man's judgment; that is all there was to it.

Q. That is what you have stated; and it affected the atmosphere; you couldn't breathe freely?

A. I didn't say that. Physically, I don't mean the atmosphere; morally, I do mean the atmosphere.

Q. Morally; O, yes. Then he didn't see clearly what should be apprehended?

A. I don't think he did.

Q. What didn't he apprehend that he should have had?

A. A good many things.

Q. Tell us one thing.

A. Well, one thing; he didn't object, in the first place, to my going ahead, after I found the ticket-system in a bad condition,—that there was no check upon ticket-sellers at all. After they were received in the central office, the tickets of other roads were sorted out, and the tickets of our road were carried up into the attic, without even being counted. I went to the Boston & Albany, and found their system from the ticket-agent there, and he said we would adopt that same system if we had the room. Our agent said there was no room there, and we transferred the business down to Salem. I had a vote passed by the directors, by which they put the whole matter in his hands. Mr. Wooldredge had opposed going to Salem, and this thing was going through for five or six weeks, without any attempt being made to bring about the reformation—the new system. That was one thing that dissatisfied me with the management, perhaps more than any other one thing.

Q. The tickets?

A. I believed that from the freight and passengers we got our money.

Q. Do you know that the corporation lost a dollar by it?

A. I think they might have lost half their receipts, and never known it.

Q. Don't think that they did?

A. The system was such you could not tell.

Q. With relation to the tickets, did you call the attention of the board to that?

A. I did, they voted—

Q. Well, what did they vote?

A. They voted that Mr. Russell should have the whole charge of it.

Q. Was that right?

A. I think it was. It was what I desired.

Q. Very well, that was remedied. You had got what you wanted about the tickets?

A. I didn't get what I wanted.

Q. You said it had gone as you wanted?

A. They put it into his hands, but Mr. Wooldredge would not let it go.

Q. What was there beside tickets?

A. I don't know; there were a good many things.

Q. Can you state anything else?

A. No, sir; I can't.

Q. Did you find fault with the rates of transportation of freight?

A. I don't think I did.

Q. With the transportation of passengers?

A. I don't think I did.

Q. Don't you know you did?

A. I don't know.

Q. What was there beside the tickets?

A. I don't know; the free passes I objected to; that was remedied. I found that there were from three to five hundred dollars a day of free trip passes.

Q. Did you have anything to do with the freights over the road?

A. No, sir.

Q. No special rate given?

A. No, sir.

Q. Never heard of any?

A. No, sir.

Q. That you didn't object to. Now, isn't it true, then, that for some reason or other—perhaps good, it is not for me to judge, perhaps not—you were disinclined to associate with Mr. Wooldredge as the president and finally, as a director?

A. For the reason I have assigned.

Q. What was it?

A. Because I didn't have confidence in his management.

Q. His management in any other respect than you have stated?

A. Nothing else.

Q. That is all there was?

A. That is all there was.

Q. For any other reason, than that, did you want the investigation? I will be frank and tell you that the stockholders were alarmed by this request, and this committee, and we want to hear an explanation of it.

A. It was for nothing else. Perhaps, more than anything else, that Mr. Haven had told me he had never examined the books, and he didn't know, and there was no one of the directors who did know, and it seemed to me that we ought to know. It was not that I had special charges; it was not that I had heard this or that, here or there; it was because I wanted to know precisely how we stood, as I wanted to know how the Maine Central stood.

A. I understood you had volunteered to go down and make the examination yourself, and Mr. Parker had consented to aid you, and you didn't go. And you stated that these co-directors were willing to have the regular committees do what you wished, and were ready to add you at the head; and did they refuse to employ an auditor?

A. Never asked for any.

Q. Did they refuse to employ any book expert?

A. Never asked for any.

Q. Never asked for an expert?

A. No, sir.

Q. Well, if they were willing, and if an expert could have taken these books in a quiet way and sat down and gone through them, why wouldn't that have been the thing?

A. That is just what I wanted.

Q. I understand you, they didn't refuse that?

A. They did refuse that.

Q. They didn't refuse to add you to the committee?

A. They didn't refuse to do that, but they did refuse to have anybody but a committee of the directors.

Q. They did refuse that?

A. Yes. What I wanted was exactly what you say.

Q. Did you see Mr. Wooldredge before you offered the vote?

A. No, sir; I said I did not.

Q. I believe you stated, also, you had no talk with Mr. Haven?

A. I had not talked with Mr. Haven.

Q. Had you talked with Mr. Hooper?

A. I don't know.

Q. Talked with Mr. Williams?

A. I had.

Q. And he had agreed to it?

A. I talked with Messrs. Williams, and Jones, and Lawrence.

Q. There is one thing which I don't understand; perhaps you can explain it to my mind—in relation to the appointment of this committee, to make these examinations: why the appointment of one person— Suppose you had been constituted alone a committee, and had obtained an expert and made the examination—

A. That is what I wished.

Q. Didn't the directors say, "Mr. Cummings, we have regular committees; now we will put you at the head of these, and you may employ anybody to help you?"

A. They didn't say any such thing.

Q. Didn't you know you had power to employ any one?

A. No, we didn't have the power to employ.

Q. Well, did you distrust Mr. Parker?

A. No, sir.

Q. His ability?

A. I don't know but I did.

Q. You don't know as you did?

A. Yes, I am ready to say that I did.

Q. Did you suggest the employment of anybody else to do it?

A. No, sir, I did not.

Q. Don't you see the difference between employing an expert accountant, to come on and examine your books—the difference in the effect on the public—and appointing an investigating committee to do it?

A. I wanted some one to come in, and not the investigating committee; but the directors said it would not do, and Mr. Wooldredge, too. That is just what I wanted. I wanted an outside man to come in and examine, and make an outside report.

Q. That is all you wanted?

A. That is all I wanted.

Q. Why didn't you submit a resolution,—*Resolved*, That Mr. Wooldredge be and he hereby is authorized and empowered and directed, if you please, to employ an accountant, etc.?

A. For the reason that none of the directors would have voted for it.

Q. It would have been only an additional clerk?

Q. (By Mr. HERWOOD.) In going down to look at these books, you discovered, you thought, a want of system there; did you have fears that the system would lead the road into difficulty?

A. I thought that there was no way in which we could ascertain just how the road did stand, and if I hadn't had entire confidence in the honesty of the treasurer, I should have thought it was impossible that we were not entirely bankrupt then.

Q. Were you satisfied with the system?

A. No, sir; I was not satisfied with it at all.

Q. Now, I would like to ask whether, just at that point, you said you would have this thing investigated?

A. I said from the first that I would have those books examined, and I would know how the road stood before I left it. I said that from the first.

Q. (By the CHAIRMAN.) Mr. Cummings, did you find that any other of the directors shared somewhat in the distrust that you began to experience?

A. Those directors I spoke to about the resolution, all joined right in; it didn't take any argument at all. They agreed to it, one and entire, and each one said, "I shall vote for that."

Q. (By Mr. JAMES.) When you had this call— Wasn't it suggested to you about calling a stockholders' meeting, to let us know about it?

A. It was suggested.

Q. Yes. Why didn't you take steps to call a stockholders' meeting?

A. I didn't think the stockholders could do this as well as the directors, if the directors would do their duty.

Q. But if the directors would not do their duty? It was talked on the street that the Eastern Railroad was divided.

A. We were not divided; there was no division among us.

Q. Didn't I ask you to sign a paper to call a stockholders' meeting?

A. You did.

Q. You refused to sign it?

A. I did.

Q. After that paper was sent in, did you vote to call a meeting?

A. I suggested it was so near the annual meeting, we had better not call a meeting. It was said to me, There is the law; we must obey the law. "Well," said I, "then call it"; but I didn't think it would be best.

Q. Will you state how much you had to pay in the month of December?

A. I don't know.

Q. Will you state to this Committee how much you had to pay?

A. I don't know that I can state to the Committee.

Q. About \$40,000, wasn't it?

A. I think we had more than \$40,000 to pay.

Q. Your concern has paid out more than that?

A. Yes; sometimes in a day.

Q. And you didn't think of failing?

A. No, sir.

Q. But you didn't think the Eastern Railroad could stand it?

A. I think it was more than that; I think we had two or three hundred thousand dollars in a month.

Q. (By Mr. HERWOOD.) Before you went there to examine the books, you had been told that Mr. Wooldredge's salary was \$20,000. If you had gone to the books and found it regularly charged, would it have affected you in this way?

A. If there had been a vote passed to pay Mr. Wooldredge that salary, and it had been properly charged, it would not have alarmed me.

Q. Not finding it so was what excited you?

A. Yes, sir.

Q. Didn't you find any fault with the rates of freight?

A. I found that the Eastern Railroad was taking freight from Boston to Portland at less than three dollars a car, which was getting the same for it as to Lynn and Salem.

Q. You did object to that?

A. I did object to that.

Q. You have got a factory down in Maine yourself, haven't you?

A. Yes.

Q. Didn't you get your freight the same as that?

A. Yes, I paid more; my freight has been nine dollars a ton.

Q. That is what you found fault with?

A. I found fault that less than three dollars a car would not pay the expense of hauling the cars. The reply was, that we were in the line, and if we got out of the line we might lose the business; but if we keep in, we can wait and make something. If we go out of the line, we may not be able to get in. My idea was, if I was doing a losing business to-day, I would get out of that business.

Q. (By Mr. SAWIN.) When you loaned them this \$100,000, on call, did you have any collateral?

A. No, sir; I never had any collateral.

Q. (By Mr. SHATTUCK.) It was your bank which loaned it?

A. Yes, sir.

Q. The Shawmut Bank?

A. Yes, sir.

Q. (By Mr. JAMES.) One more question, Mr. Cummings. Did the Eastern Railroad pay any money when you were elected a Boston & Maine director? Was any money paid on the books for your election?

A. For my election?

Q. Yes.

A. No, sir.

Q. You don't know of any?

A. No, sir.

Q. I mean, when you were elected a director by the Boston & Albany Railroad, was any money paid from the Eastern Railroad treasury to elect you?

A. If there was, I didn't know anything about it. I never knew of any money which has been paid for my election, and never had any knowledge of any; none was paid, that I know of. Was I elected to the Boston & Albany before I was elected to the Eastern Railroad? I don't know how that was.

Mr. JAMES. Yes.

The CHAIRMAN. I hardly think that question is competent. Such a question as that ought to be followed by proof.

WITNESS. It is not a question which I should object to, at all.

Cross-Examined.

Q. (By Mr. SHATTUCK.) I should like to ask you, Mr. Cummings, if you ever made a suggestion to Mr. Parker, as treasurer, for any improvement in his method of book-keeping, that he did not fairly consider and accede to?

A. Never.

Q. Never?

A. Never.

Q. And carried it out so far as he could, in good faith?

A. I think he attempted to carry it out; of course it would take a matter of time; I think he attempted to do it. I never made a suggestion to Mr. Parker that he did not say at once that he approved of it; I never made one but what he approved of it.

Q. Did you know that some one else had charge of the books, and that he resigned within a month or two of the time you went in?

A. I didn't know it, but had heard of it.

Q. And therefore Mr. Parker could not bring out his books, for that reason?

A. Yes, sir.

Q. And from that fact, that the party who had had charge of the books had resigned, you didn't make any charge against Mr. Parker, because he hadn't had some one else to take his place?

A. I did not, sir.

Q. I would like to ask you, in relation to the contract with the Maine road, if you ever made a suggestion of improvement to the directors of the Eastern road which was not fairly considered, and which they did not, in good faith, if it met their judgment, endeavor to carry out; one single suggestion?

A. I never did, if you put it in that way in which you put it; I never made a suggestion to them of any improvement or advantage to the Eastern Railroad which they did not consider; I never did make one, which after fairly considering it, if they agreed with me, they didn't adopt. I made some which were not adopted, though.

Q. But they were fairly considered?

A. The fact was, I found that the ticket-system there was, as I say, in this bad condition. The directors voted at once to go into a reform upon that; there was no discussion upon that at all.

Q. Well, it was referred to Mr. Russell, and didn't Mr. Russell take part of the tickets to Salem?

A. Mr. Russell tried to do it, but Mr. Russell was hindered by Mr. Wooldredge and Mr. Hatch, both.

Q. Weren't a part of the tickets, as far as it was necessary, taken to Salem?

A. No, sir; they were not.

Q. It was left, as I understand it, by the directors, to Mr. Russell?

A. Yes, sir.

Q. And you differed from Mr. Wooldredge as to what was the best method of managing the Eastern Railroad?

A. No, I did not.

Q. Well, did you ever see any want of good faith on the part of Mr. Wooldredge, towards the Eastern Railroad, in his management of their business?

A. I did.

Q. In what respect?

A. In regard to these tickets.

Q. Now, what did he do?

A. Mr. Russell said, if Mr. Wooldredge would allow him to do it, he and Mr. Hatch together could carry it down there, and put the system in operation at once. Some of these ticket-offices on the road hadn't been examined for two years; we didn't know whether they were duplicating or not, and any office might duplicate one-half of the tickets, and we could not detect them.

Q. Now, I should like to know what system you had on the Eastern Railroad, one year since, different from what they had when Mr. Wooldredge was there?

A. I have not been down to Salem since—

Q. Will you tell me—

Mr. WILLIAMS. Let him answer, Mr. Shattuck.

WITNESS. Mr. Chairman, I should like to explain this whole matter, because it would be a good deal better, and then the Committee would understand it.

Q. (By Mr. SHATTUCK.) Will you answer my question? Since Mr. Wooldredge went out, have you made any change in the keeping of these tickets?

A. I think the change was made before Mr. Wooldredge went out. In regard to the ticket matter, it was one which troubled me a great deal, and I should like, Mr. Chairman, to go on and explain it; I am not in court now.

Q. Well, you are under oath?

A. I know I am under oath.

Q. Didn't Mr. Wooldredge make the change, and establish the system which is now in operation, as soon as he reasonably could?

A. No, sir.

Q. How much delay was there?

A. There was six or eight weeks; two months.

Q. Two months?

A. I think so; I think there was all of that.

Q. Will you swear that there was one month?

A. That there was one month?

Q. Yes.

A. Well, I don't think, as it is a matter of record, that I need swear at all, but I give it as my opinion that it was more than two months; the record will show when the vote was passed, and that fact will show when the system was adopted.

Q. Was not Mr. Wooldredge away sick at the time that vote was passed in reference to the tickets, and was not the change made as soon as Mr. Wooldredge got home? Now, I would like to have you answer that question?

A. I think it was not.

Q. Well, how soon after Mr. Wooldredge got home was it that change was made?

A. I say I think it was two months after that vote was passed before it was put into operation, and Mr. Russell said that if he was not interrupted he would do it—if they would let him have a chance, he could do it. I want an opportunity to explain to the Committee about that.

The CHAIRMAN. You shall have that opportunity.

Q. (By Mr. SHATTUCK.) Mr. Wooldredge was away when that vote was passed, was he not?

A. No, sir; that was a long time before Mr. Wooldredge went away.

Q. Will you say that Mr. Wooldredge did not send such portions of the tickets there as it was practicable to send, and introduced the system three days after he came home from his sickness?

A. I don't know when he came home after his sickness; but I will say he didn't do it within three days after the vote was passed, though.

Q. Do you say Mr. Wooldredge was there when the vote was passed?

A. I think he was.

Q. Will you swear to it?

A. No, I will not.

Q. But you have?

A. I have not sworn to it.

Q. I understood you to say so. Here is the record of the meeting of September 10, 1875: "At a special meeting of the directors, present, Messrs. Bates, Cummings, Haven, Jones, and Johnson; the president being absent, Mr. Haven was chosen president, *pro tem*.

"On motion of Mr. Cummings, seconded by Mr. Jones, it was voted that Mr. George Russell, general ticket agent of the road, have the entire charge of the tickets, and he will be employed in the ticket office, and that he be held personally responsible for them; that he have the entire charge of the ticket agents of the road and their accounts, and that he make or cause to be made monthly returns of the same, and report the condition monthly to this board of directors; and that we require from this agent a proper and sufficient bond."

WITNESS. What date was that, please?

Mr. SHATTUCK. That was the 10th of September, 1875, in the absence of Mr. Wooldredge, as appears by the records. Now, sir, was not that change introduced, as it stands now, within three days of Mr. Wooldredge's return?

A. I don't know when Mr. Wooldredge's return was.

Q. Well, will you say that within three days of Mr. Wooldredge's return that change was not introduced?

A. I don't know when he returned; of course, I cannot answer that.

Q. There are charges against Mr. Wooldredge made here, and I want to put them where they belong.

A. There are faults which were committed, and I shall take my part of them. In the first place I found this ticket system was imperfect; there were no checks upon the ticket-sellers at all. Tickets are put in their boxes and drawn out from the bottom, and drawn by numbers; they are

brought into the ticket-office by the conductors, and are then sorted out, I think there are nearly a dozen different species of tickets.

Q. Now, this method of keeping the tickets was changed, and perhaps the suggestion was a good one; the point I want to investigate is, whether there was any suggestion that you made, which the directors did not at once carry out?

A. I shall come exactly to that, if you will allow me to. I said to Mr. Russell, I believed that there should be a system by which these tickets should be brought back into consecutive numbers, as they went out; but Mr. Russell says, "That cannot be done." "Well, why, Mr. Russell?" "Because," he says, "some of these tickets are out a long time, and that cannot be done." "Well," said I, "I think it ought to be done, because you have no check now, at all, and you may have forged tickets anywhere on your line, and have no means of knowing whether they are forged or not. These tickets are brought in here, a large pile of them in baskets, and taken up into the loft without being counted. Now," says I, "I don't know what they have got on the Boston & Albany Railroad, but I will find out." I went to Mr. Stevens and asked him, and he said, "I don't know, Mr. Cummings, but I am told they have got a very good system." I said, "Will there be any objection to Mr. Russell and me going up and seeing what it is?" And he said, "No;" and I said, "Will you telegraph to Mr. Briggs that we are coming?" And he said he would. And I took Mr. Russell and went up to Springfield, and found Mr. Briggs, and the system up there of collecting in the tickets as they came in day by day, putting them into the different species in which they belonged; although he could not put them in consecutively, he put them in and counted them and gave credit to each office for the number of tickets that belonged to it, and charged it with what belonged to it, and the difference showed the number which it ought to have on hand. Mr. Briggs says, "Two boys do this, and we pay them a dollar and a half a day apiece." I said, "Mr. Russell, can't you do this?" He said, "I think I can; I think this is a great improvement." And I said, "Will you adopt it?" He says, "I will;" and then we returned to Boston and I had this vote passed. I saw Mr. Russell the next morning and asked him to go to work and put this system into operation. He says, "I cannot do it here." I asked him why, and he says, "I haven't room enough." I said, "I want it done. Mr. Russell, you might just as well give these tickets to your ticket sellers and not charge them at all, and give them the money, as go on as you are doing now; you don't know whether they are cheating you or not." He said, "I see all that, and if you will give me an opportunity, I will carry it out." I said, "Where can you do it?" He said, "Salem." I said, "Go to Salem;" and he said he would, and he saw Mr. Wooldredge and Mr. Hatch, and they both objected, and said it should not be separated from the treasurer's office.

Q. (By the CHAIRMAN.) Mr. Russell told you that?

A. Yes, sir; Mr. Russell told me that; and finally they said they would see what could be done. About six weeks afterwards, I went in there and I said, "Mr. Russell, I thought you were going to make

that change." He said, "I will, as soon as I can get a carpenter"; I said "cannot you get a carpenter?" He said, "I can, if they will let me have one." I said, "You take a carpenter." I called in Mr. Batchelder, and said, "Mr. Russell wants a carpenter to go to Salem to clean those rooms out there." He said, "If you say so, I will send one down." I said, "I do say so." He said, "I will take my authority from you." The next time I went in, I asked why it was not done, and they said Mr. Wooldredge objected to it. I then saw Mr. Wooldredge, and he said, "I am president of the road, and you are asking something which don't belong to you." I said I knew I was, but I wanted to have that done. I said the money that we got from our passengers and our freights was all we had to rely on for making money, and I wanted to see if we got what belonged to us. He said he would have it done as soon as he could; and finally, I was disgusted with the whole subject.

Q. (By Mr. SHATTUCK.) Mr. Wooldredge said he would have it done as soon as he could?

A. Well, when he got ready, I think he said.

Q. Well, you said as soon as he could?

A. Well, he didn't try, anyway.

Q. Was there no other suggestion, except the Boston & Maine matter, which you ever made to the directors, which was not carried out in good faith, either by Mr. Wooldredge or Mr. Parker?

A. I don't think there was.

Q. And this change; you will not swear it was not made within a week after his return?

A. Yes, I will.

Q. You will?

A. Yes, I will; and I will swear it was not made within a month.

Mr. THOMAS. You didn't hear his question; he said, after his return.

A. I will not swear to that, after his return.

Q. (By Mr. SHATTUCK.) Then you will not swear that this change was not made within a week after his return?

A. I don't know when his return was; I will swear it was not made within a month after the vote was passed.

Q. Well, there was never anything sent down to Salem at all?

A. No, sir; the vote was, that Mr. Russell should take the whole of it; and I worded that so as to take it out of Mr. Wooldredge's and Mr. Hatch's hands.

Q. You didn't mean them to have anything to do with it?

A. No, sir.

Q. In whose hands was it, before you put it into the hands of Mr. Russell?

A. In Mr. Hatch's, I suppose; he was the manager.

Q. Now, I understand your first suspicion came from the fact, that all of Mr. Wooldredge's salary was not entered upon the Eastern Railroad books?

A. Yes, sir.

Q. And did you know that there had been a vote passed, long before

Mr. Wooldredge went in there, apportioning the president's salary between four roads—a vote of the directors?

A. I did not.

Q. Now, let me show you this vote; now, here is a vote which was passed in May, 1872:—

“Mr. Williams, for the committee on salaries, reported in their opinion the salary of the president should be established as follows:—

“For the Eastern Railroad, ...	\$2,500 00
“For the Portland, Saco & Portsmouth Railroad, ...	1,500 00
“For the Portsmouth, Great Falls & Conway Railroad, ...	800 00
“For the Wolfborough Railroad, ...	200 00”

Now, that method of apportionment had been followed, hadn't it, down to the time when Mr. Wooldredge came in?

A. I didn't know anything about it.

Q. Well, if you had known of this fact, all your suspicions would have been removed?

A. No, sir; they would not have been removed, for this reason: I knew by conversation with the directors that there had been a committee on salaries, and that that committee had reported,—there were three on that committee,—that they had reported Mr. Wooldredge's salary at \$20,000, and that the directors would not vote it; and one of the members of that committee told me, when he signed the report, that he told the other two that he would never vote for it.

Q. Then it was not this entry on the books that excited this suspicion?

A. It troubled me, because, when the auditor told me he knew nothing about it, I asked him why he didn't know it.

Q. Will you swear that Mr. Parker told you that Mr. Hooper told him to apportion it, or cover it up?

A. No, sir; I don't think I said that.

Q. Didn't Mr. Parker tell you the reason why they apportioned it among the different roads was, that years before the directors voted so to do it?

A. No, sir; I don't think he did.

Mr. SHATTUCK then read the vote again, as follows:—

“Mr. Williams, for the committee on salaries, reported that in their opinion the salary of the president should be established as follows:—

“For the Eastern Railroad, ...	\$2,500 00
“For the Portland, Saco & Portsmouth Railroad, ...	1,500 00
“For the Portsmouth, Great Falls & Conway Railroad, ...	800 00
“For the Wolfborough Railroad, ...	200 00”

The CHAIRMAN. Whose salary is that?

Mr. SHATTUCK. This was Mr. Browne's, before Mr. Lothrop or Mr. Wooldredge came into the presidency.

The CHAIRMAN. Now, how would that enter the treasurer's books? Would it be charged to profit and loss, or how was that? Mr. Parker said to me, that \$10,000 was charged to profit and loss, and I asked him whether he put it off in one corner, that way, because Mr. Hooper told

him. What I want to get at is, how that salary, which was apportioned off in that way, was entered on the treasurer's books?

Mr. SHATTUCK. I should like to ask Mr. Parker that question, now.

JOHN B. PARKER—*Recalled.*

Q. (By Mr. SHATTUCK.) After this vote was passed, in May, 1872, how did you apportion the president's salary?

A. In precisely the same form as I have indicated; a proper proportion was charged to the Portland, Saco & Portsmouth, to the Portsmouth, Great Falls & Conway, and to the Wolfborough, so as to equalize the expenses of the different roads.

Q. Was there any change whatever made after Mr. Wooldredge came in, in that respect?

A. No change in any respect whatever, with this exception: the accounts for six months were closed; they were closed without this additional salary being put in; it was overlooked or forgotten by the auditor. There was no place to get it into the expenses of the road, except into the profit and loss account, and it was put there for that express purpose, and none other; there was no concealment, no hiding, no covering up whatsoever.

Q. Did you explain it to Mr. Cummings?

A. My impression is, I so stated to Mr. Cummings at that time. I would not swear to that fact, but it is my impression, and was my intention.

Q. (By the CHAIRMAN.) Then there was no difference in the entry in your books of this distribution among the roads—I mean in the methods—in the case of the salary of Mr. Brown and of Mr. Wooldredge?

A. Not the slightest, with the exception I have stated. The expense-account of the road being closed, there was no other way to get it into the expenses of the road, except by charging it to profit and loss.

Q. In the case of Mr. Wooldredge?

A. Yes, sir.

Q. (By Mr. THOMAS.) And that was done by the auditor, not by you?

A. By the auditor; yes, sir.

Q. (By Mr. MOSELEY.) And that was only done in that one instance?

A. Yes, sir.

Mr. CUMMINGS. Mr. Chairman, I think Mr. Parker did tell me that that was the only way he could get it into the expense-account.

Q. (By the CHAIRMAN.) When you entered it as profit and loss, was there an identification of the sums, complete.

A. Yes, sir.

Q. (By Mr. SHATTUCK.) Was there any way in which you could have entered that \$20,000 on your books, and make it more explicit?

A. No, sir; not after our accounts were closed; it was a question, and that is why it was put there.

JOHN CUMMINGS—*Recalled.*

Q. (By Mr. SHATTUCK.) You made a negotiation with Mr. Lord, I understand, one of the directors of the Boston & Maine Railroad?

A. I didn't make any negotiation, but he and I drew up the form of an agreement.

Q. Drew up the form of an agreement?

A. Yes, sir.

Q. And that was in May?

A. Well, that I cannot tell you; I should think it was, though.

Q. That was submitted to your directors; was it?

A. Yes, sir.

Q. They discussed it?

A. Yes, sir.

Q. And you have sworn here that their rejection of that contract you regarded as a personal disrespect to you?

A. I did, sir.

Q. A personal disrespect to you?

A. Yes, sir.

Q. You submitted it to the directors, and they would not ratify it?

A. It was not that they would not ratify it; it was that the condition of the agreement which was made was that it should not be binding except it was ratified by the roads within ten days; and that not refusing to ratify it, but to postpone beyond the ten days the consideration of it, I deemed a disrespect to me.

Q. You deemed the postponing of it a disrespect to you, and you forthwith went out and offered your bonds and stock for sale on the market?

A. I did, sir.

Q. Didn't you know that Brewster, Sweet & Co. were the men that were chiefly employed by the Eastern Railroad to sell their securities?

A. No, I did not.

Q. You knew they had been largely doing it, and that they had sold millions of them?

A. No, I knew—

Q. Don't you know that they were the chief brokers to sell the securities of the Eastern Railroad?

A. They were not selling, at that time, any of their securities.

Q. Not at that time; but weren't they the men on whom they chiefly relied to sell their securities?

A. I didn't know it.

Q. Do you mean to say that you didn't know it, by looking over their accounts?

A. I mean to say I didn't know they had sold a dollar's worth of securities for the Eastern Railroad.

Q. You knew it was one of the first firms in Boston?

A. I did, sir.

Q. What did you tell Mr. Brewster?

A. I went into Mr. Brewster's, and told Mr. Brewster that I believed that no agreement would be made between the Eastern and Boston & Maine railroads, and I wanted to sell my stock.

Q. You knew the Eastern Railroad was a large borrower of money?

A. Yes, sir.

Q. And for no other reason than because you considered their action in postponing the contract a disrespect to you, you went and sold out your securities, through Brewster, Sweet & Co?

A. I sold them out because I believed any agreement between the Boston & Maine and the Eastern roads would be rejected by the Eastern directors.

Q. And you thought it would, and went out and sold out your stocks?

A. I did, sir.

Q. And told it all round on the streets?

A. No, sir, I did not.

Q. You told that you were determined to have an investigation?

A. I did, sir, from the time I went in.

Q. You told them that all of the directors, and Mr. Wooldredge, had shown you disrespect?

A. No, sir; I said that the action at that time, after making my report and postponing it for a period beyond the limit of the agreement, was a disrespect to me; if they had said they should not accept it—

Q. You told a hundred persons you were going to investigate the Eastern road, and didn't know anything about their accounts?

A. Very likely.

Q. And you told that while you were a director, and knew they were in want of money?

A. Yes, sir; and I loaned them money at five per cent.

Q. And you called it in, in August?

A. I cannot tell that.

Q. Now, when you introduced this preamble, hadn't you sold out every share of your stock and bonds in the Eastern Railroad?

A. That I cannot tell. I had ten shares of the stock, I know, because I have got them now.

Q. I don't mean nominally.

A. I could not tell whether I did or not.

Mr. THOMAS. You mean he sold his stock before he introduced that resolution?

Mr. SHATTUCK. Certainly.

WITNESS. What time is that, please?

Q. (By Mr. SHATTUCK.) This was the 18th of July, and in May you made that report in reference to the contract with the Maine Railroad. You sold your stock all out, and when you offered this resolution, except perhaps ten shares, you didn't own any bonds or stock, did you?

A. I think I bought after that \$100,000 worth of the bonds—between that time.

Q. When did you buy them?

A. Before this investigation went on, and hold them now. I don't know but I have got the means by which I can verify that statement.

Q. You went down and sold out?

A. I sold out the next day [referring to a memorandum]. This was May 18th; here are bonds sold at 92, May 13th. I sold out then all the bonds and stock I had, and advised my friends to do the same.

Q. You did?

A. I did, sir.

Q. That, I think, will do Mr. Cummings. On account of a personal disrespect?

A. No; it was because I believed the road was going to have a quarrel with the Boston & Maine.

Q. That in May, you, being a director, sold out all your stock and bonds in the Eastern road, and advised your friends to do the same?

A. I did, sir.

Q. Why didn't you go out as director; why did you stay in?

A. I did propose to go out as a director, and designed to do so, and Mr. Haven was one of them who came to me, and Mr. Haven said, if I went out, he should, too; and if we both went out it would hurt the road.

Q. Mr. Wooldredge wanted to go out, then, didn't he, and sent in his resignation?

A. Not at that time, sir.

Q. Didn't he send it in, in July or August?

A. I think not, sir.

Q. Was not that the fact, that the road had such a load to carry, that all of the directors, if they could have conscientiously done it, would have gone out?

A. I don't know, sir.

Q. Was not that the fact, when you sold out your stock and bonds, that there was not a director in the road but what wanted to go out, if he could conscientiously do it?

A. I don't think that is the fact. I find my bonds brought me 92, and my stock brought me 91.

Q. Now, can you tell the names of any other person you advised to go out?

A. No, sir; I cannot.

Q. (By the CHAIRMAN.) You sold out because you thought the bonds and stock were going behind?

A. I sold out because I thought the road was going into a quarrel with the Boston & Maine road, and that the Eastern road would not make any arrangement that the Boston & Maine would accept, and that the stock would go down, and that was why I sold out.

Q. You didn't tell anybody about this, before you sold out?

A. I told Mr. Brewster, when I went there.

Q. (By Mr. SHATTUCK.) You, being a director—you had peculiar knowledge, and took advantage of it?

A. No, sir; I was never asked my opinion of that stock, from the time it went down to 95, but what I said, sell.

Q. You did, sir?

A. I did, sir.

Q. Well, you must have been a great comfort to the president and others who were trying to raise funds?

A. I cannot help that; I said what I thought.

Q. (By Mr. THOMAS.) Do you mean to tell Mr. Shattuck you sold your own stock previously to introducing this resolution?

A. Yes, sir; I sold my stock, and then bought my bonds back again,

previous to the time when this resolution was introduced, and hold them to-day.

Q. But you had sold your stock before introducing this resolution, had you?

A. Yes, sir.

Q. (By the CHAIRMAN.) When you bought back the second time, what did you pay?

A. Ninety.

Q. The second time?

A. Yes, sir.

Q. Why did you buy back the second time?

A. I bought because I thought that, after the two committees were enlarged on the Eastern and Boston & Maine, that an arrangement for business would be completed between the two roads, and, if it was, that stock was worth par.

Q. (By Mr. SHATTUCK.) Bought it to make money, didn't you?

A. I certainly did; I didn't do it for anything else.

Q. Your idea of a director is to sell out when stocks are going down, and buy in when they are coming up?

A. My idea of a director in any road is to make that road useful.

Q. Now, we find here that your loan of \$90,000 was paid; it was not exactly \$100,000?

A. Well, they owed me something besides that.

Q. August 19th, \$45,000 you called in; September 2d, \$45,000. Did you ever loan them any money after that?

A. I rather think I did; I don't know.

Q. (By Mr. WILLIAMS.) When you bought your bonds back again, did you advise anybody else to buy?

A. I took \$100,000, and some of my friends, who had sold out, took part of them, and hold them now.

Q. (By Mr. SHATTUCK.) Who did you buy them of?

A. I bought them of Brewster, Swett & Co.

Q. (By Mr. OSGOOD.) Didn't I understand you to say you had sold part of those bonds?

A. That I took \$100,000, sir, and all my friends who had sold out before, took part of them. I sold out \$59,000, and have \$41,000 of them now.

Q. (By Mr. SHATTUCK.) You looked into the accounts of the Maine Central, didn't you?

A. No, I did not.

Q. Well, you sent a gentleman down there?

A. Yes, sir; I did.

Q. You found them satisfactory?

A. I did.

Q. You think that report which they made last year was a trustworthy report?

A. I haven't any doubt about it.

Q. That is, their earnings were about \$800,000?

A. I don't recollect, but I believe their report to be correct.

Q. Now, as to this investigation; you wanted the committee to be called a special committee, as I understand it?

A. I wanted a committee with full powers.

Q. "With full powers." Now, did you suppose that committee on accounts hadn't full powers enough to look over the accounts, and afford any reasonable facilities for that purpose?

A. I did, sir.

Q. Well, why couldn't those powers have been conferred?

A. I don't know but what they could.

Q. Well, now, Mr. Williams and you made the investigation?

A. Mr. Lawrence was with me.

Q. Well, Mr. Williams took the chief part?

A. No; Mr. Lawrence did more than any one.

Q. I understood you, Mr. Williams.

A. Mr. Lawrence was away when we began, and I and Mr. Williams worked for two or three weeks.

Q. The only difference was, that they preferred to have the committee on accounts, with you on it, to make the investigation?

A. There was no "they" about it, except, perhaps, Mr. Wooldredge and Mr. Hooper; I think Mr. Hooper suggested it.

Q. Then, Mr. Hooper and Mr. Wooldredge preferred to have you, with Mr. Williams and the regular committees, make the examination?

A. No, I don't say that; I say they proposed that the committee on accounts should make the investigation.

Q. With you on it?

A. Mr. Hooper said I might go on to the committee.

Q. Did anybody object to that?

A. No, sir, I don't think they did.

Q. Well, the only difference was, that they wanted to have you go on the same committee, and you wanted to have a special committee?

A. The only difference was, that I knew the members of the committee who would make the examination, and the committee on accounts I didn't know. I wanted, certainly, men on the committee—it was not myself—I had the men in my mind whom I wanted to be on that investigating committee.

Q. Do you know who the committee on accounts were?

A. I don't know, sir, who they were.

Q. Wasn't Mr. Williams among them?

A. I don't know.

Q. Well, supposing if you had suggested putting Mr. Lawrence on, have you any doubt you would have had him?

A. I don't know anything about it.

Q. Well, was there any difference between you, except that they wanted to have it a matter of business, and have the committee on accounts make the examination, and you wanted to have that resolution, with that preamble, passed?

A. I had fortified myself before I went into the meeting, and had spoken to all of the directors about it, and they said they would vote for that resolution, if I offered it.

Q. Did they all know that you had sold out your stock?

A. Yes, sir; they did, sir.

Q. Did you ever know a preamble like that to be introduced in a private resolution, in a board of directors, before?

A. I don't know that I did; but I don't think the preamble does any harm.

Q. Do you think it does any good?

A. I don't know about that.

Q. Well, now, did you ever see any such preamble to a resolution before, except in the newspapers, or except when it was written for the newspapers?

A. I intended, when I had that drawn up, to have that on the records of the road.

Q. Now, wasn't that your object, when you went to that meeting after having sold out your stock, to get that preamble on the records?

A. No, sir; it was not.

Q. You would have been just as willing to serve with Mr. Lawrence and Mr. Williams on the committee on accounts, instead of its being called a committee of investigation?

A. Yes, sir.

Q. Well, then, the only real difference between you was to get that preamble in, was it not?

A. I don't know that it was.

Q. Was not that your purpose: to get that preamble on the records?

A. No, sir; my purpose was to have a special committee appointed. If they had discussed that preamble much, and asked me to amend it, I might have objected—

Q. Well, now, wasn't that what frightened Mr. Wooldredge and Mr. Hooper—to have that preamble put on the records?

Mr. THOMAS. Jean Paul said, "Sometimes a preface was so long that the reader died on his way to the book."

Q. (By Mr. SHATTUCK.) Here is this statement: "Whereas, the government of the Eastern Railroad is by law vested in its board of directors"; now, had anybody denied that fact?

A. I don't think they had.

Q. Well, then, why did you want to put that on record?

A. That was my thought, then.

Q. You wanted to put that on record?

A. I did.

Q. "And whereas, the stockholders, as well as the public, do hold, and by right ought to hold, said board to a strict economy in the management thereof." Had anybody denied that?

A. Well, I think they might have had a doubt about it.

Q. Did anybody deny that, in the board, or out of it?

A. I don't know that they did.

Q. "And whereas, it is our duty as directors to know and fully understand the true condition of said railroad, financially and otherwise." Did any of the directors ever deny that?

A. I don't know that they did, sir.

Q. "And therefore, that we may properly discharge the duties of our office; therefore, *Resolved*, That a committee, consisting of Messrs. Cummings, Williams and Lawrence, be chosen, with full power to examine, investigate, and inquire into the condition and management of said railroad, in all its departments; and for that purpose they shall have access to all the books of said railroad, and may examine any of its agents or officers, and shall report the result of their investigation to this board, at a meeting to be held on the call of the committee; and in said report they shall make recommendations and suggestions, as the circumstances of the case may require, for the general prosperity of the road." Now, don't you think that Mr. Hooper and Mr. Wooldredge, when they heard that resolution, thought it was intended for the public rather than for them?

A. I don't know what their thoughts were.

Q. Don't you think that the real objection, which was made at that time, and which might properly be made, was that that looked more like a public transaction than a business transaction?

A. I might have had my opinion; you have yours.

Q. (By the CHAIRMAN.) Was there any such objection made?

A. No, sir; the objection was not to the preamble, but that the investigation would become public.

Q. (By Mr. SHATTUCK.) The objection that was made was that the whole thing would become public. Was there any objection made to a most rigid examination by anybody?

A. Yes, sir.

Q. Who?

A. If you mean by anybody—it was objected that no investigation should be made, excepting by a committee of the directors

Q. Well, I should have said by somebody. Well, didn't every director desire, so far as there was any expression of opinion, a most thorough investigation of the affairs of that company?

A. I think they did.

Q. Did you ever see any desire or intention to conceal or cover up anything connected with that company, more than is usual in the affairs of any company?

A. I should not like to say that, because I think, when we came to make our investigation down there, we had to labor pretty hard, sometimes, and we didn't find things as we expected, exactly.

Q. Well, labored pretty hard; I suppose you had hard work?

A. Well, I mean we were not helped in our investigation.

Q. Well, who tried to impede you?

A. Mr. Parker told me the books were not in a condition to be examined.

Q. (By Mr. SAWIN.) When he told you the books were not in a condition to be examined, did that excite your suspicion?

A. No, sir; because I had seen for myself how they were.

Q. (By Mr. SHATTUCK.) When was it that you bought back your bonds?

A. I don't think I can tell you now; I thought I had a memorandum here, but I find I haven't.

Q. Well, you hadn't any when you presented that preamble?

A. Yes, I had; I had ten shares of stock, and \$41,000 in bonds, the same as I have now; I haven't changed my investment since.

Q. (By Mr. JAMES.) Did you state to the board, when that petition was presented that you thought there were forgeries on that petition?

A. I did.

Q. Now, why did you say that?

A. Because I thought there were three names which looked to be written by one man.

Q. (By Mr. WILLIAMS.) After you and Mr. Williams began, you made an investigation which covered five or six weeks?

A. It covered more than that, I think.

Q. Did you satisfy yourself in reference to the system of accounts?

A. I satisfied myself that there was a lack of system, and that there was great confusion.

Q. But you mastered it finally, and understood it?

A. No, I did not.

Q. Well, did you investigate in reference to ascertaining the net earnings of the road, over the operating expenses, for instance?

A. As far as I could, I did; I wanted to, and did satisfy myself how much the road had expended, how much it had earned, and how much it was going to be behind.

Q. The returns of the railroad commissioners for the year 1874 made the net earnings, at least over and above the operating expenses, about \$388,000.

A. Well, I didn't go into that at all.

Q. You did not?

A. No, sir.

Q. And you cannot state any information from the result of that examination, as to the correctness of it?

A. There was one thing. I found, when I went in, bills receivable something like \$500,000, and I asked Mr. Parker what these bills receivable were; and he said they were Mr. Hooper's and Mr. Wooldredge's first notes that were given for the Maine Central stock, and they held the stock,—ten thousand shares.

Q. (By the CHAIRMAN.) This investigation which you made, and these suggestions which you made to the directors, Mr. Cummings, were you influenced by any motive but to do your duty to the stockholders?

A. Nothing under heaven, except to do my duty to the stockholders.

Q. (By Mr. WILLIAMS.) One of the matters we are instructed to "inquire into and report" is, "Whether the Eastern Railroad Corporation have complied with the laws of the Commonwealth, in relation to the issue of bonds or notes, and the making of other liabilities." Did you examine that in your investigation?

A. Yes; I found a loose condition of things, as to a record of the notes that had been issued there; and yet, at the same time, although this evidence which we had found,—these stubs where the notes were cut off from, we examined and checked them all through,—I was satisfied they were correct.

Q. And with regard to the amounts of the issue?

A. I don't think that I verified that.

Q. That is to say, you didn't go into the question of whether the corporation had exceeded the number they were authorized by law to issue?

A. I don't think I verified them.

Q. (By the CHAIRMAN.) Did you find anything, in your investigation, which would justify you in saying that any individual, any officer of that road, was criminally guilty of misconduct?

A. No; I don't think there was.

Q. Any irregularity, for which they would be liable for a prosecution?

A. I didn't know anything; I think the only fault there, was a fault of judgment.

Q. (By Mr. THOMAS.) Assuming this report of Mr. Lawrence's to be correct, which I have no doubt it is—

A. Well, I think it is; I think it is correct, sir.

Q. And by which it appears that the debt of the company is about \$15,000,000—from your knowledge of the property owned by the Eastern Railroad Company, what do you say about its ability to get on under this bill, which has been presented to the legislature, to meet its expenses and pay the debt in the way which is provided by that bill?

A. I believe just this, with regard to that: that there is a business existing on the line of that road there; that if competition can be subdued at all, so that it will not embarrass it,—as I believe it can be by an arrangement between the two roads,—that that road can earn two and a half millions, with the present condition of things; and with any improvement in business, like what we had three years ago, that the road can earn \$3,000,000; and earning \$3,000,000, I believe it can have a net of \$800,000. I believe that, if this bill is carried through, that the fact that it is called upon to pay no interest until a year from now—that the accumulations of earnings over the expenses between now and that time would enable the road to so take care of the property that is now pledged for debts, and turn it to advantage much better than they can now; that the road will find no difficulty at all in paying its interest in March, 1877; and that if the business does not improve, but only continues as it is at present, that there will be no difficulty in the road, with good management, paying its interest for the next two or three years at three and a half per cent., and for the next three years at four and a half per cent.; and I believe that, when the six years are out, the earnings of the road will be brought fully up to three millions, and that the road will find no difficulty at that time in paying the six per cent. upon the debt of the road, if it is no more than I think it will be then, because I think it will be reduced to thirteen or fourteen millions.

Q. Do you express that opinion from what I may call a personal opinion?

A. I do.

Q. It was suggested to me to ask you, if you think the Nashua & Rochester road would take patronage from it?

A. I have looked into the matter of the Nashua & Rochester road, and know somewhat what it is doing there,—not very definitely, it is true,—

but from what I do know, I don't think any trouble will come from the business that will be diverted there.

Q. You spoke, in answer to a question that was put to you by Mr. Shattuck, about the want of good faith; perhaps you didn't mean quite that. Did you mean anything more than negligence?

Mr. SHATTUCK. I don't think he said that.

A. In what connection did I say that?

Mr. WILLIAMS. You put that question, Mr. Shattuck, in reference to the tickets, I remember.

Mr. SHATTUCK. I am very glad to have that raised.

Q. (By Mr. THOMAS.) Was it anything more than a mistake or negligence; you didn't mean that—a want of good faith?

A. Mr. Wooldredge objected to that,—I could not tell why,—and I thought he made an unreasonable objection, and one which shook my confidence more than anything that occurred all the time I was in that.

Q. Well, the difference is quite essential between mistakes and a want of good faith. Was there anything more than a neglect to do something which you thought he ought to do, or in doing that which you thought he ought to do, in an imperfect manner, or a mistake of some kind in the way of doing it?

A. I mean to say that I didn't believe then, and I don't believe now, that Mr. Wooldredge acted up to his honest judgment in that case.

Q. Didn't act up to his honest judgment?

A. Yes, sir.

Q. Then you do mean something more than a mistake?

A. Yes, sir; I do.

Q. Don't you think, on the whole, finally, that he made one other mistake; namely, that of inviting you to be a director?

A. I told him so.

Q. (By Mr. JAMES.) Will you be kind enough to show the Committee which name you say is a forgery [handing witness the petition]?

A. I will show you which ones I think were. Those three names, Clark B. Wood, Sarah A. Wood, and Theodore A. Neal, I thought looked as though they were written by one and the same person.

Q. (By the CHAIRMAN.) Then I understand, from the last answer you gave Mr. Thomas, that you do think, in some of the official management of that road, there is absolute dishonesty, if you had only succeeded in finding it out?

A. I don't want to place it like that; it don't lie in my mind in that way. If I used the words "good faith," I don't know that I can find words which will express it better than that. I don't think he acted on his best judgment.

Q. You said honest judgment.

A. Well, honest judgment. I think he knew there was an opportunity there for fraud, and that there was an opportunity there which ought to be checked; and, as suggested, I think it was almost unpardonable neglect to wait until six or eight weeks before the attempt was made.

Q. And will you go this further,—that he wanted to continue so?

Mr. THOMAS. Or participated in the fraud?

A. No, sir; I should not want to say that.

Q. (By the CHAIRMAN.) So that there might be a chance for fraud for somebody?

A. I don't know that I want to say that.

Q. (By Mr. SAWIN.) Do you think he objected, because you proposed it?

A. Well, I don't know but that he did.

Q. (By Mr. SHATTUCK.) Well, now, we will assume that there was some delay, but we have never yet settled the fact that there was a delay of three days after Mr. Wooldredge got back—he was away sick after this vote was passed. Now I want to know whether they were not sent down there after Mr. Wooldredge got back?

Mr. THOMAS. He says he don't know when Mr. Wooldredge got back?

Mr. SHATTUCK. Well, he is making a pretty strong statement.

A. Well, I am not making a stronger statement than I think I am justified in.

TESTIMONY OF GEORGE L. WARD.

Q. (By Mr. THOMAS.) George L. Ward, is that your name?

A. Yes, sir.

Q. Mr. Ward, were you a director at any time in the Maine Central Railroad Company?

A. Yes, sir.

Q. When?

A. I think I was elected about ten years ago first, and have been a director from that time, and am a director now.

Q. And a director since?

A. Yes, sir.

Q. When did you first have any correspondence or any conversation with any persons connected with the Eastern Railroad about purchasing shares in the Maine Central Railroad for the Eastern Railroad?

A. Well, I should think in 1872, if I recollect rightly. There was a plan formed by a number of gentlemen connected with the Maine Central Railroad to buy up a majority of that stock, so as to control it, feeling, after the consolidation of the roads down there, it was going to be a very good investment; and I think at that time I had a conversation with Mr. Hooper and Mr. Lothrop in regard to it.

Q. Do you remember what time that was in 1872?

A. No, but I should think in the fall of 1872.

Q. In the fall of 1872?

A. Yes, sir.

Q. You first had a conversation with some other gentlemen connected with the Maine Central road?

A. No, I made the plan myself, with some gentlemen here, to buy up a majority of that stock, entirely independent of the Eastern road, or anybody connected with the Eastern road.

Q. Well, who did you make that arrangement with?

A. I sold stock to various persons here, entirely disconnected with the Eastern road.

Q. I am not speaking now of the stocks you sold; I am inquiring now about the plan to buy up the stock.

A. It was a plan I made myself; it was my own plan.

Q. Your own plan?

A. A plan I had in my own mind of buying up the stock.

Q. Who did you communicate that plan to first?

A. I don't know.

Q. Well, a plan that originated with you, or was suggested by another to you?

A. No, sir; originated by myself.

Q. Originated with you?

A. Yes, sir.

Q. To buy up that stock?

A. Yes, sir.

Q. Buy it up for what purpose?

A. To control the road, as a matter of investment.

Q. To control the road, as a matter of investment?

A. As a matter of investment, entirely.

Q. What was the market value of the shares of the Maine Central Railroad then; the market value?

A. I think the first stock I bought, after this arrangement, or this plan, was conceived, I paid 42½ per cent.—a small amount.

Q. Who did you buy that of—the first lot you bought?

A. I should think of Mr. Dunn.

Q. Mr. Dunn?

A. Yes, sir.

Q. Where does he live?

A. He lives in Maine.

Q. The younger gentleman, or the older gentleman?

A. The older Dunn.

Q. How much did you buy of him?

A. A thousand shares.

Q. Paid him 42½?

A. Yes, sir.

Q. Money?

A. Yes, sir.

Q. Previous to that, had you made any arrangement with anybody to take it off your hands?

A. No, sir.

Q. Hadn't?

A. No, sir.

Q. Bought it wholly on your own account?

A. Yes, sir.

Q. When did you make the next purchase?

A. Well, that I cannot tell; very soon after, I bought 3,000 shares more.

Q. Three thousand shares?

A. Yes, sir.

Q. All of one person?

A. Yes, sir.

Q. Who of?

A. The same Mr. Dunn.

Q. What did you pay for them?

A. I think I paid 50.

Q. Now, do you mean that the Committee shall understand that you had bought these shares and paid for them without arrangement with anybody connected with the Eastern Railroad?

A. Yes, sir; no connection, either directly or indirectly.

Q. Any conversation?

A. No, sir; either directly or indirectly.

Q. Well, now, when did you next buy them?

A. I think the first lot of shares I bought of Mr. Dunn, perhaps, was in 1871. The next, I think, was—

Q. But I understood you bought in 1872?

A. No; I was going to explain. That was a lot I bought without regard to the plan. Then, I think, the next lot I bought was some time in 1872. I think there were 3,000 shares in that lot.

Q. Yes?

A. And then, subsequently, in the winter, I think, of 1872 and 1873, I bought quite largely.

Q. Yes?

A. And in the meantime, I had made an arrangement with the Eastern Railroad, or, at least, rather, with Mr.—

Q. Well, who did you next buy a lot of, after you bought these 3,000?

A. Well, I cannot tell you that, sir.

Q. And how many did you buy?

A. I cannot answer that question. I can say this: I think I bought, all told, somewhere from 15,000 to 20,000 shares.

Q. Well, how many shares were you the owner of when you first spoke to Mr. Hooper or Mr. Lothrop about the shares?

A. Well, perhaps I can explain, if you will allow me.

Q. Yes, sir.

A. I first became a director in the roads in the State of Maine—the Maine Central Railroad. There were three general roads running down through the centre of the State, covering the general business of the State; they were quarrelling and competing with each other, two of them very directly, and there was a bad state of feeling there in regard to that; the roads were competing, and destroying or preventing their usefulness to the public, and, of course, preventing their making the dividends which they might, if they were working in harmony. The plan was conceived of consolidating the three roads; that was finally carried out.

Q. What year was that in?

A. I should think 1869 or 1870. After that plan was carried out, the results were, the first year, that the aggregate receipts were nearly 20 per cent. more than they had been in the state in which they were situated in competing with one another; it looked, under the circumstances, as though the road in that state was going to be an extraordinarily good

road, and a good investment, and in consequence of that, the plan was conceived of buying a majority of that stock, as a matter of investment.

Q. Conceived by you?

A. Yes, sir; by me.

Q. Without conference with anybody?

A. Yes, sir; without conference with anybody, and especially without conference with the Eastern road. I suppose that is the point you want to get at?

Q. Yes.

A. Without any conference with the Eastern road, or anybody connected with it.

Q. You thought you would get a majority?

A. Yes, sir; and my plan was to induce several friends in Boston to join with me, and the plan was stated in that way. I first bought of Mr. Dunn,—the first stock,—1,500 shares; and, subsequently, I bought 3,000 of it, and that stock I sold to different parties in Boston. I think I sold to Mr. Hooper.

Q. How soon after you bought?

A. I don't recollect; it might have been a month or three months.

Q. Yes; not long.

A. Not a great while; I think I sold Mr. Hooper about four or five hundred shares, and I think I sold Mr. Lothrop one or two hundred; I think Mr. Hooper's estate, and also Mr. Lothrop, have it now.

Q. Mr. Lothrop, how much?

A. About one or two hundred shares. The object I had in view was to continue the friendly relations, if possible, between the Eastern and the Maine Central Railroads; the business of the Maine Central road had been diverted.

Q. Was that your plan under which, you said, you bought your first lot; not only to control the stock, but to connect it with the Eastern road?

A. No, sir; the first stock I bought was independent of that; but after the road began to develop, as it did, then I conceived that plan of purchasing a controlling interest in the stock, and have it held here in Boston.

Q. You transferred some to Mr. Hooper and Mr. Lothrop?

A. I sold four or five hundred shares to Mr. Hooper, and one or two hundred to Mr. Lothrop. Subsequently to that, I made an arrangement with Mr. Hooper or Mr. Lothrop, to buy more; and, finally, during the negotiations, a proposition was made by Mr. Lothrop, I think, to me, to consolidate the two roads—the Eastern road and the Maine Central road. That matter was discussed very fully, and after a while, at the request of Mr. Lothrop, I made a proposition—a basis of consolidation.

Q. Do you remember, by the way, how much Mr. Lothrop paid you for these shares?

A. The first lot he paid me \$50.

Q. How much did Mr. Hooper?

A. Fifty dollars—the same thing. The proposition was then made for consolidating the roads, and after considerable negotiation, a basis was

submitted; that was, that the Maine Central stock should be put in at 80, and the Eastern Railroad stock should be put in at par. The Eastern Railroad stock, then, was worth \$110 in the market. That proposition was made, and discussed somewhat; and finally, I told Mr. Lothrop I could not agree to that, until I knew exactly the condition of his road; and there were three points about it: "I want to know the condition of your road; I want to ascertain whether you can get legislative action to carry the thing into effect, if we do get it"—on these two points; and Mr. Lothrop, and Mr. Hatch, I think, gave me a written statement in regard to the condition of the road, that was satisfactory to me; he stated not only the debt, but purported— The plan was to state to me the exact liability of the road—that is to say, the Eastern Railroad, the Portland, Saco and Portsmouth, the Conway, and the Eastern in New Hampshire; in fact, the whole liability. I told him I wanted to know exactly how it stood; that as far as the reports were concerned, I could not judge precisely, or didn't know that I could, because the reports were made more particularly to the legislature of Massachusetts, and they did not necessarily include roads out of the State; and therefore I wanted an entire statement, covering the whole thing.

Q. Well, did you get it?

A. Yes, sir, I did.

Q. Well, was that satisfactory to you?

A. Yes, sir; I have got the statement now. That statement gave the aggregate of the whole debt.

Q. Have you got that now, with you?

A. Yes, sir.

Q. Will you let us have it, so that we can see it?

A. Yes, sir; I have no objection to it. [Handing paper to Mr. Thomas.]

Q. When was that submitted to you?

A. That was submitted to me some time in the winter of 1872 or 1873. It is as follows:—

" Eastern Railroad stock, ...	\$4,262,600
Eastern Railroad, New Hampshire stock, ...	492,500
Portsmouth, Great Falls & Conway stock, ...	767,200
	\$5,522,300
Portland, Saco & Portsmouth 10 per cent., ...	1,500,000
Debt about	5,000,000
	\$12,022,000 "

Q. Proceed, if you please. This was handed to you by Mr. Hooper?

A. No, sir; that was given to me by Mr. Hatch and Mr. Lothrop; they were, I think, the persons I conferred with in regard to it, and that was taken as a basis of representation; that being the condition of the road, and that being the basis agreed upon, I agreed to do what I could to carry it out.

Q. Carry out what?

A. Bring about consolidation between the two roads—a contract for consolidation.

Q. Did you give Mr. Hooper a statement about the condition of the Maine Central Railroad?

A. They had it, and were satisfied with the representations that were made.

Q. And, so far, you agreed?

A. Yes, sir; so far, we agreed; and with that statement I conferred with certain parties that held the stock, and they were entirely satisfied with the proposed arrangement.

Q. Who were those persons?

A. Persons that bought stock outside of the Eastern Railroad entirely; some friends of mine who were interested, and who bought stock at my suggestion.

Q. Who were the persons—Mr. Greeley?

A. Greeley—what Greeley?

Q. I don't know; if there is no man of that name, that is enough.

A. There was a runner down there—a sort of a bummer—of that name, who was a nuisance; he had no stock, however.

Q. Mr. Cook?

A. Yes; Mr. Cook was a party

Q. Well, cannot you give us the names of them?

A. Well, Mr. Cook was one, and Mr. Roch of New Bedford, and Mr. Plummer of New Bedford, and, I think, Mr. Lyman Hollingsworth; there were a number of gentlemen.

Q. And did they own stock in the Maine Central?

A. Yes, sir; and they bought it of me—through me.

Q. Do you know who they bought it of?

A. Yes, sir; they bought it through me. As I stated in the outset nearly, perhaps, 20,000 out of the 30,000 was bought by me, or through me, and brought here to Massachusetts.

Q. You have spoken of two persons of whom you bought that; who did you buy the rest of it from?

A. I bought those two large lots of Mr. Dunn, and I bought of a man by the name of Patton.

Q. What did you pay Patton?

A. Paid him \$60; and I bought of a Mr. Moses.

Q. (By Mr. MOSELEY.) Patton, of Bath?

A. Yes, sir.

Q. Moses, of Bath?

A. Yes, sir; I had a gentleman buying for me. There was a man in Lewiston, connected with a bank, who bought a good deal of stock for me.

Q. (By Mr. THOMAS.) While you were buying this stock, you were placing it in the hands of people in this Commonwealth?

A. Yes, sir.

Q. Well, what profit did you make on it?

A. No profit at all.

Q. No commissions?

A. No commissions.

Q. What was your purpose in doing that?

A. To get the stock here, in the hands of my own friends.

Q. And then do what?

A. Why, to control the road.

Q. Was the purpose this: to get control of the road, and under your management to raise the price of the stock?

A. To make money out of it, ultimately.

Q. To make money out of it?

A. Yes; sir; out of the stock, ultimately.

Q. You thought the value would increase?

A. These large lots of stock; the second purchase was made after we had agreed upon a basis of consolidation, and that basis was \$80 for this stock and \$100 for the Eastern,—Eastern then standing at \$110 in the market; and this stock, which we bought for \$50 to \$60 and \$70, we supposed, if the consolidation took place—

Q. Would go up to \$80?

A. Would go up to par.

Q. And that was your purpose in buying?

A. Yes, sir.

Q. Did you sell Mr. Hooper any more, after this?

A. No, I don't think I did.

Q. Did you ever sell Mr. Haven any?

A. No, sir; I don't think I did.

Q. Well, what happened after that; the consolidation fell through, didn't it?

A. Yes, sir; Mr. Lothrop failed to get the Act which he said he could, through the legislature here; that was part of the negotiation with him; he failed in that, and of course it was postponed, and the thing continued along until about a year and a half ago, and then the condition of the Eastern Railroad was found to be in such a different state from what we expected, that the contract was abrogated.

Q. What contract?

A. That contract for consolidation; and instead of that, a contract for doing the business of the road was made with the Maine Central and the Eastern railroads.

Q. And, in the meantime, you had made a contract with the Eastern Railroad, or some of its managers, to deliver stock. "Boston, April 27, 1873"; I see here is a receipt—there seems to be no date to the contract—in which you agree to sell a thousand shares of Maine stock.

A. Yes, sir.

Q. J. B. Parker, trustee?

A. Yes, sir.

Q. That is the first contract made?

A. That was the first contract made—how do you mean?

Q. The first contract made by you with anybody connected with the Eastern Railroad?

A. No. I had sold some stock to Mr. Hooper and Mr. Lothrop.

Q. I know; but that was on their own individual account.

A. That was on their own individual account. That was the first, I think; I don't recollect the order in which they came

Q. And then, afterwards, you made another contract to deliver them a further amount, didn't you?

A. Well, I purchased various lots of stock, and turned those contracts over to Mr. Lothrop or Mr. Parker, as agent.

Q. The next, you made a contract to deliver 2,000 shares?

A. Yes, sir; but I don't recollect how that was.

Q. That was made to Mr. Haven, was it?

A. Very likely.

Q. Mr. Parker paid you for these, didn't he—the treasurer of the Eastern Railroad?

A. Yes, sir; generally.

Q. Do you know how many shares you sold to Mr. Parker?

A. No, sir; I do not.

Q. Cannot tell?

A. No, sir.

Q. When did you deliver the first shares?

A. To him?

Q. Yes.

A. I really cannot tell, I think, unless that may indicate it.

Q. Perhaps that will refresh your recollection? [Handing report of Mr. Parker's testimony to witness.]

A. My impression is, I sold some stock to them before.

Q. Before that?

A. I think so, sir; but I am not certain.

Q. To Mr. Parker, or Mr. Lothrop, individually?

A. No; my contracts were made with Mr. Lothrop.

Q. Well, in writing?

A. Yes, sir; I think so. The contracts I made with Mr. Lothrop were in writing. I think they were turned over to Mr. Parker, who acted as trustee.

Q. Well, is there any contract prior to that?

A. I could not tell by the date; I don't recollect now.

Q. You told me that you had a memorandum of these contracts, didn't you?

A. I told you I wanted, and if I had time I would, try to hunt them up. After we made this agreement for consolidation, it being the opinion of Mr. Hatch and Mr. Lothrop, and those who managed the Eastern road, and others, that that stock was going to advance very rapidly, Mr. Lothrop bought, I think, in the interests of the Eastern road, a pretty large amount of the stock.

Q. Mr. Lothrop did?

A. Yes, sir.

Q. How much?

A. I could not tell you.

Q. Well, what is the lowest price you ever sold these stocks to him at?

A. I think \$50 was the lowest.

Adjourned till 6.30 P. M., Monday, March 20, 1876.

SEVENTH HEARING.

RAILROAD COMMITTEE, STATE HOUSE, BOSTON, }
MONDAY, March 20, 1876. }

The Committee met at 6.30 P. M. Senator PALMER in the chair.

JOHN B. PARKER—*Recalled.*

Q. (By Mr. THOMAS.) Mr. Parker, have you the book or books, of which you spoke at one of the sittings, which you said contained some bonds, which bonds had been referred to by the commissioners as perhaps an overissue?

A. I have, sir.

Q. Will you produce them? [Witness produced two books.] Look at this first book, Mr. Parker, and tell us how many bonds it contains?

A. This contains 250 bonds of \$1,000, each one cancelled.

Q. Mr. Parker, when were these bonds executed?

A. I think in September, 1873.

Q. For what purpose were they executed?

A. They were intended as a portion of a loan of the company, which was afterwards substituted for a sterling loan, or a sterling loan was subsequently substituted for these.

Q. By whose direction were they executed?

A. By the board of directors.

Q. At a meeting held when?

A. I think in September or November, 1873.

Q. What was done with that book and those bonds after the execution of them?

A. These were taken to the Merchants' Bank to be approved by one of the finance committee, and there left; the other was taken to the president's office, Mr. Lothrop's, for execution or signing, and was left there.

Q. Were the bonds entire when they were left in the Merchants' Bank—that book?

A. Entire; yes, sir; perfect.

Q. For what purpose were they to be put in circulation?

A. For the liquidation of the debts of the company.

Q. No particular debt, perhaps?

A. No, sir; the general indebtedness of the road.

Q. When were they put in the hands of Mr. — ? Were they put into the hands of the cashier ? You said you left the book at the Merchants' Bank.

A. I think they were left at the Merchants' Bank. Our custom was to take these to the Merchants' Bank for the finance committee's approval, and to the president's office to sign. My impression is, these were left there in November, and continued there for some time.

Q. If I understand rightly, the bonds are to be approved by two directors, are they not ?

A. Yes, sir.

Q. And those bonds were so approved ?

A. Yes, sir.

Q. One of the directors, I see, was Mr. Haven ; who was the other ?

A. Any one member of the finance committee could approve them.

Q. I know ; but who, in that case, was the other ?

A. They are only approved by one.

Q. Only approved by one ?

A. That is all.

Q. What were they taken to the Merchants' Bank for ?

A. For the execution or the signing of the finance committee.

Q. When did you next see them ?

A. I have seen them various times, at the Merchants' Bank ; we had them at our office, perhaps, one month or two months ago.

Q. Not until then, did you see them, after having left them there ; do you mean that ?

A. I have seen them in the bank, repeatedly ; I have seen the book in the bank.

Q. When were they brought back to your office ?

A. I should think, about one month ago.

Q. Who brought them back ?

A. The president of the road,—Gen. Lawrence.

Q. By whose direction were they taken there ?

A. I think he brought them back.

Q. By whose direction were they taken to the Merchants' Bank ?

A. I took them up there myself, as I stated.

Q. Without any particular directions ?

A. Without any directions.

Q. When they were brought back to your office, were they cancelled ?

A. No, sir ; they were not.

Q. Who cancelled them since then ?

A. The president.

Q. When they were brought back to your office, wasn't Mr. Haven's name erased by a pen through them ?

A. It was.

Q. It was ?

A. Yes, sir.

Q. That would prevent their being put in circulation ?

A. Yes, sir.

Q. And were they in a package, alone, or with other papers, and marked "specially"?

A. They were alone; specially marked "of no value."

Q. Of no value?

A. Yes, sir.

Q. Was that so when you first saw them there?

A. Yes, sir.

Q. When did the company, or the directors, determine not to issue these bonds, or put them on the market?

A. I think in December, 1873.

Q. December, 1873?

A. Yes, sir.

Q. Who was the president then?

A. Mr. Lothrop.

Q. Why were they not taken back, then, from the Merchants' Bank, and put into your hands, as the treasurer of the company, if you know?

A. I don't know of any other reason, than that it was a safe deposit for them,—a safe place for them.

Q. But hadn't it been determined in December, 1873, to cancel them, and make other bonds in the place of them?

A. I think it had.

Q. When that determination was made, why, then, were not these bonds destroyed, or cancelled, and why were they not brought back to your office for that purpose?

A. They should have been brought back, and should have been cancelled at that time.

Q. Were you ever directed by Mr. Lothrop to bring them back?

A. No, sir.

Q. You acted under his authority?

A. Yes, sir.

Q. And by his direction?

A. Yes, sir.

Q. Did you complete the cancellation of them when you brought them back?

A. That was completed by the president.

Q. Mr. Lawrence?

A. Yes, sir.

Q. But you understood, when you saw them at the Merchants' Bank, when Mr. Haven's name was erased, that they were no longer available for circulation?

A. Of no value? Yes, sir.

Q. So that they could not then be put in circulation?

A. No, sir.

Q. Now, I will inquire in respect to the other book, Mr. Parker, leaving this; what does the other book contain?

A. The other book contains the same number of bonds, numbered from one to two hundred and fifty,—\$250,000.

Q. And are they all signed by the president?

A. All signed by the president.

- Q. And by you?
- A. Yes, sir.
- Q. And ready to be put in circulation, when approved by the finance committee?
- A. Yes, sir.
- Q. Are these bonds approved?
- A. They are approved by one of the committee only.
- Q. Who is that?
- A. Mr. Haven.
- Q. Mr. Lothrop was another, wasn't he?
- A. Yes, sir.
- Q. That remark would apply to the first book also?
- A. Yes, sir.
- Q. What was done with that book when it went from your office?
- A. These remained in the president's safe.
- Q. Well, but these bonds were signed at your office, were they not?
- A. Signed by myself, but not by him.
- Q. Signed by you, and then taken by you to his office, to be signed by him?
- A. Yes, sir.
- Q. When did you carry that book to his office?
- A. My impression is, that this book first went to his office in December.
- Q. What year?
- A. Eighteen hundred and seventy-three.
- Q. Signed by you?
- A. Yes, sir.
- Q. And negotiable; so that they could be put upon the market, by being signed by him and Mr. Haven?
- A. Yes, sir.
- Q. And are signed by Mr. Haven?
- A. Yes, sir.
- Q. When did you next see that book?
- A. I should say, four weeks ago; about four weeks or one month ago.
- Q. Not until four weeks ago?
- A. No, sir.
- Q. Then, at the time when the commissioners obtained the information on which their report was made up, that book was not in your possession?
- A. No, sir.
- Q. Where was it?
- A. It was in the safe of Mr. Lothrop.
- Q. Had Mr. Haven's name been, in the meanwhile, erased?
- A. No, sir.
- Q. Hadn't been erased?
- A. I think not, sir.
- Q. That punch you call the cancellation?
- A. Yes, sir.
- Q. Had the bond been punched at that time?

A. No, sir.

Q. Then the bond was entire until a little while ago, as it was when you signed it and carried it?

A. Yes, sir.

Q. So that it only needed Mr. Lothrop's signature, as president, and one of the finance committee, at the time when they were executed, to put them in circulation?

A. Yes, sir.

Q. And that was the case until when?

A. Until December, I think, of 1873.

Q. No; but until when you saw it?

A. About four weeks ago, I should say,—about February 20.

Q. Did you write to Mr. Lothrop, or did Mr. Lawrence, or did anybody else, to your knowledge, for that book?

A. I don't know of any one's writing for it.

Q. Don't you know there was some difficulty in procuring it from Mr. Lothrop's safe; and in the meanwhile somebody wrote to Mr. Lothrop, once or twice, or more, about that book, that it must be returned?

A. I don't know.

Q. Have you been so informed?

A. I don't know that any one wrote Mr. Lothrop; I want, myself, once to get it from Mr. Lothrop's safe, and the answer that I received was that it was down in the lower vault. I didn't get it.

Q. In the lower vault?

A. Yes, sir.

Q. Why, when Mr. Lothrop returned, after his first visit to Europe, didn't you go to him to get the book?

A. It was of no value, whatsoever; and it was one of those things that passed by.

Q. Pardon me; it hadn't then been cancelled by striking off your name or Mr. Haven's name?

A. No, sir; what I mean to say is, that other sterling loans had been substituted for this.

Q. Still, but suppose these had been put in circulation, what protection would the purchaser have?

A. None, whatever.

Q. Well, why didn't you go; or why didn't it occur to you, Mr. Parker,—perhaps it didn't,—to go when he was here?

A. It didn't occur to me.

Q. Indeed, I don't know that you knew that he was here?

A. I think I only saw him once, when he was passing down the road. I didn't even speak to him.

Q. Well, you got that book about four weeks since, and did you erase Mr. Haven's name, or did he procure it?

A. No, sir; I think that was done by the president, or one of his clerks.

Q. And these books contain the only bonds, as far as you know, which have ever been issued by the company, that have not been regular? I will use that word.

A. Yes, sir.

Q. And those bonds, as I understand you, were deemed to be regular when they were issued?

Mr. SHATTUCK. Not issued.

Q. (By Mr. THOMAS.) When they were executed?

A. Yes, sir; when they were executed; they were never issued.

Q. Yes, sir; I understand that; I didn't mean it.

A. They were executed, but never issued.

Q. They made no part of the sterling loan?

A. No portion of it, whatsoever.

Q. Were they intended to be used abroad?

A. No, sir; they were intended for the state banks. It was found that the sterling loans could be better executed,—better negotiated rather,—than these, and the sterling were substituted in their place.

Q. And the extent of the bonds thus executed is 500, \$1,000 each?

A. Yes, sir; \$500,000.

Mr. THOMAS put in the following papers:—

"I hereby certify that the rate of freight from Enfield and Olamon to Boston, for Harrington & Cummings, used to be \$10 per ton, and they had \$1 per ton paid them as rebate by the European & North American Railway, and that of this through rate of \$10 per ton, the Eastern Railroad's proportion from Portland to Boston was 10 cents per one hundred pounds, and that the Eastern Railroad's proportion of all freight business coming from east of Portland over the Maine Central Railroad, and destined to Boston on the Eastern Railroad by contract, is but \$2 per ton, regardless of through rates.

"There was an arrangement by which the through-freight business between St. John, N. B., and Portland, done over the Maine Central and the European & North American Railways, was divided as follows: All business coming from points between St. John and Mattawamkeag, the Maine Central received three-eighths and the European & North American Railway received five-eighths; and for freight coming from points between Mattawamkeag and Bangor, the Maine Central received four-ninths and the European & North American Railway received five-ninths of the through rate. Within four weeks, Messrs. Harrington & Cummings' rate on freight from Olamon and Enfield to Boston, and from Boston to Olamon and Enfield, has been reduced from \$10 per ton to \$60 per car-load of 20,000 pounds or less, and \$6 per ton for all weight in excess of 20,000 pounds, which any one car may contain.

"Upon examination by the superintendent of the European & North American Railway, it was found that on the entire number of cars loaded and transported between Boston and the tanneries, last year, the average amount of freight, as billed at \$10 per ton, was less than \$60 per car.

"While a common box freight-car, loaded full of leather, from the tanneries to Boston, would contain from 9 to 10 tons, the average tonnage of hides, etc., as loaded for the tanneries from Boston, would not be more than from 4 to 7 tons per car.

"All rates of freight from the European & North American Railway, through to Boston, are made by the superintendent of said European &

North American Railway, and the reduction of Messrs. Harrington & Cummings' rate to \$60 per car was made by the superintendent of said road, as per copy of letter herewith attached.

"W. F. BERRY, *General Freight Agent.*"

SUFFOLK, ss.

COMMONWEALTH OF MASSACHUSETTS.

MARCH 20, 1876,

Subscribed and sworn to, before me,

GUSTAVE MAGNITZKY, *Justice of the Peace.*

Copy of Letter from the Superintendent of the European & North American Railway to

"W. F. BERRY, *General Freight Agent Eastern Railway.*

"DEAR SIR,—I have arranged with Messrs. Harrington & Cummings for the following rate for all of their tannery freight: \$60 per car-load of 10 tons; \$6 per ton for all excess, between Boston and Olamon and Enfield. Will you please instruct Boston and East Boston agents accordingly.

"Yours truly,

"F. W. CRAM, *Supt.*
S.

"BANGOR, March 15, 1876."

GEORGE L. WARD—*Resumed.*

Q. (By Mr. THOMAS.) Mr. Ward, if you please, I will resume my inquiries of you. Mr. Ward, on the 11th day of February, 1873, were you a stockholder in the Maine Central Railroad?

A. Yes, sir.

Q. To what extent did you hold stock then?

A. Well, sir, I cannot answer that question.

Q. Well, about what?

A. I should think about 2,000 shares.

Q. Two thousand shares?

A. I should think so.

Q. Were you also a director?

A. Yes, sir.

Q. Mr. Ward, was Judge Rice also a stockholder at that time in that road?

A. That date? Yes, sir; he was a stockholder, and I think is now

Q. Was he also a director in the Maine Central?

A. I should have to go back and investigate that; I don't recollect the dates.

Q. In order that I may not mislead you, Mr. Ward, have you a copy before you of the evidence taken at the first sitting in this case?

A. I was just looking at it, to find it.

Q. Please turn to page 16; then we shall not misunderstand each other.

A. Yes, sir; I have it before me.

Q. Judge Rice was then a stockholder, and also the president of this road, was he?

A. Excuse me; there is nothing on page 16 which would indicate that.

Q. I know it, and therefore it is that I inquire of you how the truth was; if there was, I don't know that I should have occasion to ask you; I thought that might refresh your memory. Now, Mr. Ward—

A. I will tell you in a moment, if you wish to know.

Q. O, I do.

A. I should think he was; yes, sir. Judge Rice resigned—

Q. You have already spoken of the plan which was formed, and will you now tell us about how early that plan was formed?

A. Well, the matter was talked over with myself and some individuals, privately.

Q. Yes. I understand it was all privately.

A. Perhaps—

Q. You didn't publish anything in the papers about it, Mr. Ward?

A. Perhaps, months—I don't know but a year before that. I have forgotten.

Q. A year before that?

A. I should think so;—I don't recollect; it is not a thing I can fix in my mind exactly.

Q. That was February, 1872?

A. I should judge likely.

Q. And you were a stockholder, and Judge Rice was a stockholder, as long ago as that?

A. Yes, sir.

Q. Now, then, this plan was formed by whom besides you?

A. What plan are you now speaking about?

Q. The plan you spoke of; namely, a plan to buy up this stock on the part of some friends of the Eastern Railroad, and get the control of it.

A. No, sir; that was not the plan.

Q. Well, what was the plan you spoke of?

A. There was a plan conceived of by a few of us, to buy up a majority of that stock, independent entirely of the Eastern road, and anybody connected with it. The plan was, that these individuals, supposing it would be a good investment, bought it simply as a private investment, and held it entirely independent of any connection with the Boston & Maine or Eastern railroads.

Q. Yes, sir; but you had used the words there,—I beg to call your attention,—a majority of the stock?

A. Yes, sir.

Q. Am I not justified, then, in asking whether you intended to control that stock?

A. We intended to control the road.

Q. Well, then, you intended to control the road?

A. Yes, sir.

Q. And did you buy it for the purpose of obtaining the control of the road in that way, and then to realize a profit on your stock?

A. No, sir; take the best possible care of the road, develop it, and get what we could out of the rise of the stock.

Q. Let me repeat your words: "Take the best possible care of the road, develop it," and to manage it?

A. Yes, sir; to have control of it.

Q. How many were in that plan, now?

A. The thing was started by two or three of us.

Q. You were one?

A. Yes, sir.

Q. Judge Rice was another?

A. Judge Rice was talked with.

Q. Well, he understood it?

A. Yes, sir.

Q. Who were the rest?

A. Judge Rice—

Q. Yes, you have mentioned him twice.

A. I don't know whether there was anybody else in Maine.

Q. Mr. Ward, Mr. Rice,—now give us another, if you please?

A. I don't know whether there was any others in Maine.

Q. Well, if there was nobody else in Maine, pass to Massachusetts; who was in Massachusetts?

A. George B. Upton was a man I talked with.

Q. George B. Upton was a man you talked with?

A. Yes, sir.

Q. A gentleman now deceased?

A. Yes, sir.

Q. Was he one?

A. Yes, sir; he bought about a thousand shares, if I recollect right.

Q. When?

A. Early.

Q. And he was one that was in this plan,—George B. Upton?

A. Yes, sir.

Q. When did he buy his stock?

A. I cannot tell you.

Q. How did he pay for it?

A. He paid money.

Q. Right down?

A. Yes, sir.

Q. At that time?

A. Yes, sir; I think so.

Q. How much did he buy?

A. I don't recollect. It was a private transaction between Mr. Upton—

Q. Mr. Ward, don't let us get confused; confusion never begins in the abstract, but always in the concrete; now, don't let us get confused.

A. If you will let me say one word about that—

Q. I would rather you answered my question, because all this goes down on the record. I don't want any oration; I don't want to be of so much expense to the State.

A. I would like to say one word to the Chairman, and that is this: I was called here to testify in regard to the Eastern Railroad, and the transactions that I had with the Eastern Railroad; and the questions which he is

putting to me now refer to transactions entirely outside of the Eastern Railroad,—private matters between myself and other parties; and there are some things of that kind that I should prefer not to disclose. They do not concern the Eastern road in any way, form, shape or manner, either directly or indirectly. Anything I can say or do in regard to enlightening the Committee in regard to the Eastern Railroad, and my transactions with that, of course I should be very glad to state it.

Mr. WILLIAMS. We have no purpose, Mr. Ward, to pry into anybody's private business; but, so far as the Committee see, this is a perfectly proper course of the examination,—of the purchasing of this stock by the Eastern Railroad.

A. The Eastern Railroad didn't buy that stock; they had nothing to do with it in any form, shape or manner; if they had, I had nothing to do with it.

Q. (By Mr. THOMAS.) If you had been— Or, perhaps, I here ought to say, I knew Mr. Upton when he was living. I certainly regard him as a man of the most exemplary character and conduct, and I should impute nothing to him, or seek to inquire into his transactions in any way. I heard his name spoken by this witness, that is all. Now, I want to know if you mean that this Committee shall understand that Mr. George B. Upton was one of the men that formed a plan with you to get the control of the Maine Central stock, that is all?

A. Well, Mr. Upton was one of the parties; he was one of the persons that I referred to.

Q. Who else, in Massachusetts?

A. I don't recollect who were the parties I conferred with at that time.

Q. Don't?

A. No, sir.

Q. Mr. Hooper one?

A. No, sir.

Q. Mr. Lothrop one?

A. No, sir.

Q. Mr. Haven one?

A. Nobody at that time in connection with the Eastern Railroad.

Q. Nobody at that time in connection with the Eastern Railroad?

A. Not so far as I know.

Q. Very well. Will you please tell me what this contract between Mr. George L. Ward, yourself, Mr. Moses and Mr. Kimball, which has Mr. Paine's name at the bottom, here—as to what it has to do, or had to do with the Eastern Railroad, if anything?

A. It did, sir.

Q. What had that to do with the Eastern Railroad?

A. Yes, sir; it had this: after an arrangement was made, this first plan that I speak of—that I told you about—was a private matter; Mr. Upton, and some gentlemen like him, negotiated that with me in a private way. After that was done, and proceeded to a certain extent, then we came in contact with the Eastern Railroad, and a plan was then arranged—

Q. Well, whom did you come in contact with, that was connected with the Eastern Railroad?

- A. I came in contact with Mr. Lothrop.
- Q. Anybody else?
- A. I talked with Mr. Hooper; it was with those two gentlemen chiefly.
- Q. Did you talk with anybody else at that time?
- A. I don't think I did, at the commencement.
- Q. Well, then, won't you tell the Committee what this contract has to do with the Eastern Railroad, if anything?
- A. Yes, sir. When that stock was bought, I merely acted as agent for the Eastern Railroad,—for Mr. Lothrop,—in buying that stock.
- Q. Why is not the Eastern Railroad mentioned in there, or Mr. Lothrop?
- A. I don't know, sir.
- Q. Is not this simply an agreement by which you are to buy certain stock and pay for it in a certain way, and pay some down, on account, and meanwhile the stocks were to be left in the hands of Mr. Paine?
- A. Yes, sir.
- Q. But not a word is said here about Mr. Lothrop?
- A. No, sir.
- Q. Nor Mr. Hooper?
- A. No, sir.
- Q. Nor the Eastern Railroad?
- A. No, sir; they were left out intentionally.
- Q. Left out intentionally; why were they left out?
- A. Because the plan arranged—the plan agreed upon—
- Q. You have told me about that plan; now, will you tell me what the plan was, and who it was arranged with?
- A. With Mr. Lothrop and Mr. Hooper.
- Q. Now, what was that plan?
- A. The plan was to get a majority of that Maine Central stock, in connection with that which was held by a few friends in Boston, and then control the road and consolidate it with the Eastern Railroad.
- Q. To control the road, and consolidate it with the Eastern?
- A. Yes, sir.
- Q. Was anybody in that plan besides yourself, and Mr. Hooper, and Mr. Lothrop?
- A. Nobody in connection with the Eastern Railroad.
- Q. Anybody connected with the Maine Central?
- A. No, sir; not at that time.
- Q. Well, then, there was nobody in the plan connected with either road, except you, Mr. Lothrop and Mr. Hooper?
- A. No, sir; not when it was first conceived.
- Q. When I say that time, I mean when that writing was executed.
- A. No, sir; as near as I can remember at that time; it was certainly not at the outset.
- Q. At the time you did that, did Mr. Hooper pay you any of this \$30,000?
- A. They paid the whole, which was stated. The contract was made for their benefit, and at their request I transferred over to them, or to Mr. Parker as trustee, to be executed by them—

Q. When?

A. I think the time it was made.

Q. Where is the transfer?

A. I don't know where it is.

Q. Did you sign any transfer to the Eastern Railroad when that was made?

A. No, sir.

Q. I am only inquiring about this paper?

A. No, sir; let me explain. I didn't say it was signed by the Eastern Railroad; it was consigned to Mr. Parker as trustee.

Q. At the time?

A. Yes, sir; it was at the time, within a day or two.

Q. Who paid that money, which is mentioned in that agreement on the 16th page; the Eastern railroad, the whole of it?

A. Yes, sir.

Q. You got the whole of it from Mr. Parker?

A. Yes, sir; I think so; the stock was bought for him, and turned over to him.

Q. Turn, now, if you please, to page 10.

A. Yes, sir.

Q. You signed that agreement?

A. Yes, sir.

Q. Mr. Lothrop didn't sign it?

A. I don't recollect that he did; I don't see it in here; I haven't the original before me.

Q. Well, it was correctly copied, I have no doubt; it is addressed to him. You got your money for that from Mr. Parker?

A. Yes, sir.

Q. The whole of the money for that from Mr. Parker?

A. Yes, sir; I got it either from Mr. Parker or Mr. Lothrop; I don't know but what Mr. Lothrop may have handed me part of it; I don't know how that was.

Q. That was in pursuance of the plan you have spoken of?

A. Yes.

Q. Well, now, turn to page 19, May 12, 1873, and tell me, if you will, what the Eastern Railroad had to do with that contract?

A. That contract was made for the Eastern Railroad.

Q. The contract with Mr. Rice?

A. Yes, sir; made at the suggestion of Mr. Lothrop; I acted as agent for him, and negotiated between the parties.

[Mr. THOMAS then read the proposition made to Judge Rice.]

Q. That proposition was made by Mr. T. K. Lothrop, and that is what it means by "I"; doesn't it, sir?

A. Yes, sir.

Q. And the money was paid; to wit, the sum of \$53,333.53, by Mr. Parker, I suppose?

A. I think so; by Mr. Parker or Mr. Lothrop; it came from one or the other.

Q. Mr. Rice was then president of the Maine Central road, and a stockholder?

A. He was a stockholder.

Q. Well, he was the president?

A. Well, Mr. Rice—

Q. Well, I will show you he was the president.

A. Well, I was going state, Judge Rice, on selling his stock, resigned.

Q. Well, you are calling him judge; what was he judge of?

A. He was judge of the supreme court of the State of Maine, and a very able man he was, too.

Q. Yes, I should think he was, in one light, of his kind; I should think he was able, of his kind. Now, Mr. Ward, he was a stockholder in that road. How many shares did he hold—1,600?

A. I don't know how many shares he held.

Q. Well, he held them, or more, for it says here, "my 1,600." He had 1,600 shares of that stock?

A. Yes, sir.

Q. What was a fair market value of that stock in the market at that time; what you would sell it for to me or anybody else?

A. Well, the stock was sold, I think, at that time, as high as 75 or 80.

Q. Eighty?

A. I think so; 75 or 80.

Q. Who, outside of these planners—these men here in Boston—bought at 80; give me a name?

A. Well, I cannot answer that question?

Q. Well, when you say 80, how do you know it was at 80?

A. I recollect hearing an individual say he bought at 80.

Q. Who did you buy your own stock of? Did you ever pay anybody but Judge Rice \$80, in your life?

A. I never bought any of Judge Rice. I paid as high as \$75, I think.

Q. Who to?

A. I don't recollect.

Q. Didn't you buy as low as \$50?

A. Yes, sir.

Q. Didn't you buy as low as \$40?

A. No, sir.

Q. How low?

A. I think I stated \$42.50.

Q. Who were in that plan with the Maine Central and the Eastern, at that time, when you bought at that price?

A. Perhaps Colonel Alden; he was a man we conferred with a great deal.

Q. Did he own stock?

A. He owned two or three thousand shares?

Q. Did he sell his shares?

A. Not a share, that I remember.

Q. Will you swear that he was in that plan?

A. I talked with him about it.

Q. Did he come into it?

A. Well, he consented to having the Eastern Railroad buy the stock, because it was all agreed for a consolidation of the two roads.

Q. Don't you know, that at the time when this stock was bought of Mr. Rice, that the market value was a great deal less than \$100?

A. Yes, sir; it was less than that.

Q. Why did you give him \$100?

A. I didn't make the contract.

Q. Why was this agreement made which you signed here?

A. Judge Rice had a large quantity of stock—

Q. I see he had 1,600 shares.

A. And Mr. Lothrop, at that time, was very anxious to get a certain amount, and he was afraid he could not get it unless he bought that; and then there is another point, that Judge Rice himself claimed the stock was worth that; he would not sell it for less than that; he would prefer to keep it, instead of selling it for less than that.

Q. Was it not understood, at this time, that the plan was to be kept secret?

A. To be kept secret until we had got stock enough.

Q. Well, you hadn't got stock enough until you bought his?

A. No, sir.

Q. Well, then, it was kept secret until you bought that?

A. Yes, sir.

Q. And Judge Rice kept it secret, so far as you know; he was in the secret, was he not?

A. Yes, sir.

Q. And he was president of this Maine Central Railroad?

A. Yes, sir.

Q. And kept it secret from the stockholders there?

A. Kept what secret; do you mean the selling of his stock?

Q. Kept the fact that he was going to sell out his stock, and give you control of the road?

A. Yes; but the leading men down there—

Q. Who are they?

A. John B. Brown, Judge Colburn and others.

Q. Well, what benefit did he have, if the arrangement was carried out?

A. The par for his shares.

Q. You didn't intend to buy a share after you had got control; that is what you wanted?

A. I don't know that we did.

Q. You say that this Judge Rice is judge of the supreme court of Maine?

A. He was, at one time.

Q. And he, being a large stockholder in the Maine Central road, and president of that road, entered into an agreement, here, to sell out his shares to you at \$100, when, in point of fact, the market value was not over, as you say, \$75, unbeknown to the rest of the stockholders in that road, and you and Mr. Hooper and Mr. Lothrop were to buy that stock,

to get the control, unbeknown to the directors and the stockholders of the Eastern Railroad; isn't that true?

A. I didn't know anything about the Eastern road.

Q. Weren't you buying this stock on account of the Eastern Railroad?

A. You say, "unbeknown to the directors of the Eastern road" I had nothing to say to any of the directors of the Eastern road, except those two men; how far those two men conferred with the Eastern road, I don't know.

Q. You know they didn't confer, don't you?

A. No, sir.

Q. Isn't that paper dated the 12th of May, 1873, that you desired to sell?

A. Yes, sir.

Mr. THOMAS. Now, will you be good enough to follow me, while I turn to this report, made to the stockholders of the Eastern road in February, 1874, in which the account of the affairs of the Eastern road is made up to November 30, 1873, and the committee will see—if they haven't one of these reports, I will hand them this—the committee will see, that annexed to this report is a contract of indenture between the Eastern and the Maine Central Railroad corporations; and if they will turn to it, they will see that this contract is dated the tenth day of June, 1873.

Mr. WILLIAMS. Probably your statement of the indenture will be as intelligible to us as the reading of it will be, Mr. Thomas, if you are through with it.

Q. (By Mr. THOMAS.) Now, isn't it a fact known to you that a very few days after you had entered into this contract to take this stock from Mr. Rice, Mr. Rice, as the president of the Maine Central road, made that contract with the Eastern Railroad?

A. Yes, sir; this contract was made at the time stated.

Q. And it was understood—follow me—and it was understood at the time when you made this contract with Judge Rice—yes, *Judge Rice*—to buy his stock at par, 1,600 shares, that when that was done he was to make this contract with the Eastern Railroad, wasn't he?

A. No, sir; he didn't make the contract; the contract was made by directors, and he was instructed to sign it.

Q. "Maine Central Railroad Company, R. D. Rice, president; witnessed, George L. Ward?"

A. Certainly.

Q. Does anybody sign that contract except Mr. Rice as president?

A. No, sir.

Q. Well, then, wasn't it understood when you made that contract to buy out Judge Rice, and pay him for his 1,600 shares \$100 each,—wasn't it understood that he was to sign that contract?

A. Yes, sir; it was understood.

Q. And didn't he sign it in pursuance of it?

A. I don't know that he did.

Q. You don't know that he did?

A. I cannot judge—

Q. Here are two acts, one of which is an agreement with Judge Rice by which you and Mr. Lothrop are to buy his stock at \$100 a share?

A. Yes, sir.

Q. And that is dated and signed; and then, a few days afterwards, this contract is made?

A. Yes, sir.

Q. Very well; now, was it not understood, when you bought this stock and made that contract, that he was, immediately upon that being done, to make that contract with you?

A. No, sir;

Q. It wasn't?

A. No, sir; the two were not connected in any way. In the first place, that contract was made by the directors, not Judge Rice; that matter was discussed very fully in the board of directors,—the Maine Central directors,—and they agreed to the contract—

Q. That is worse than I supposed.

A. And they agreed to the contract, and instructed Judge Rice to execute it.

Q. At that time, don't you know that Judge Rice hadn't disclosed to anybody in the world, except you, and Mr. Hooper, and Mr. Lothrop, that he had made this contract to sell out to you?

A. I don't know that he had.

Q. Hadn't you suggested that he keep it secret with you?

A. No, sir; I said, so far as I know, it was the intention to keep that matter quiet until he got stock enough to get control of that road; I don't know to whom Judge Rice talked.

Q. Don't you know this: at the time when some witness says here—I don't remember, now, who—that at the time when you agreed to buy his stock, it was understood you were to buy his stock, paying him \$100, and he was to make that contract with you?

A. No, sir; the two were not connected together.

Q. Didn't you say he was to get control of that stock?

A. No, sir.

Q. Now, sir, if they were not connected, won't you tell us how it happened, that, simultaneously with this, this contract was made?

A. We were negotiating—

Q. For what purpose?

A. For the purpose of making that contract.

Q. Well, that is what I asked you; you were negotiating to make this contract, weren't you?

A. Making the contract between the two roads?

Q. Exactly.

A. Yes, sir.

Q. And it does happen, does it not, that almost simultaneously with the making of the contract to buy his stock, he made a contract with the Eastern road by which the two were to be conjoined?

A. Yes, sir; he signed the contract;

Q. He signed the contract?

A. Yes, sir.

Q. And you want this committee to understand, don't you, that at that time this matter was kept quiet?

A. Yes, sir.

Q. And this president of this Maine Central road, this judge, did that, without advising the stockholders of his road his motive in doing it?

A. I don't know that was his motive.

Q. Well, you say he is judge of the supreme court of Maine?

A. Yes, sir.

Q. Or was?

A. Yes, sir.

Q. Did it ever occur to you—I must not ask you this question; it is not, perhaps, competent—did it ever occur to you to ask him what tribunal he expected to be tried before?

A. No, sir; it was not my business.

Q. But didn't you think it a very strange transaction?

A. No, sir.

Q. A very extraordinary transaction—it didn't occur to you?

A. Not a very extraordinary transaction.

Q. By which these stockholders were to be sold out in this way?

A. We understood this: the ground we took in regard to that was simply this, that here was a contract made with the Eastern Railroad which was to be beneficial to the whole stockholders of the Maine Central Railroad.

Q. Well, why didn't you promulgate it, and tell them "here is a thing by which you will be benefited?"

A. We didn't, because we wanted to buy the stock.

Q. You wanted to buy the stock as low as you could?

A. Let me tell my own story. We wanted to go and buy that stock without the influence of this contract on the price of it. Here was an arrangement to be made, and these men would not make the act of consolidation unless—

Q. You wanted to buy the stock as cheap as you could, didn't you?

A. These men would not make the arrangement unless they bought a majority of that stock, and we knew very well, if we proclaimed to the public that we could buy a majority of that stock, and that stock was going to be put in at 80, and the Eastern stood at 110, they would believe the stock was going to par; and if they believed that that stock was going to par, these men would not sell their stock, and, therefore, these parties said it was perfectly right to go and buy that stock under the circumstances in which they did, because their own act was going to benefit the parties there in that way.

Q. Who were these parties who said it would be perfectly right to go and buy it?

A. Mr. Lothrop and Mr. Hooper, and anybody—

Q. And you did?

A. I did; certainly.

Q. Now, won't you tell us here, candidly, didn't you buy that stock just as cheap as you possibly could?

A. Which stock?

Q. The Maine Central?

A. O, I bought my own stock cheap.

Q. Certainly.

A. Certainly.

Q. And is it not a fact that you thought you could get it cheaper by not disclosing the fact of this action?

A. Certainly.

Q. And that is the reason you didn't disclose it?

A. Certainly.

Q. And so far as you know, that is the reason Judge Rice didn't disclose it?

A. Yes, sir.

Q. (By the CHAIRMAN.) Judge Rice may have bought it just as cheap as he could, or the same as yourself?

A. Why, here was an act that we were going to do here, which would have an influence to increase the value of that stock, and, of course, that was a matter to be kept to ourselves—

Q. Well, one word, was not your sole motive in the entire transaction to make money?

A. Mine?

Q. Yes, sir.

A. Yes, sir.

Q. And was not Judge Rice's exactly the same?

A. I think very likely.

Q. And nothing else?

A. Yes, sir.

Q. (By Mr. OSGOOD.) At the time that contract was made, you were a director in the Maine Central road?

A. Yes, sir.

Q. And Mr. Rice was the president, and you one of the directors?

A. Yes, sir.

Q. (By Mr. WILLIAMS.) You expected to benefit these people, and you expected to benefit some by buying their stock?

A. No, sir; I bought the stock and paid a fair market price for it, and then the plan to bring about this consolidation was afterwards; it was arranged here; we didn't proclaim it afterwards.

Q. Well, did you expect to get hold of any more stock than you held?

A. No, sir.

Q. Or did Judge Rice?

A. No, sir.

Q. (By Mr. OSGOOD.) Did Judge Rice sell out all his stock?

A. I think not; I think he still has 200 or 300 shares.

Q. (By Mr. THOMAS.) Are you a director in the Maine Central Railroad now?

A. Yes, sir.

Q. What, a director of that road?

A. Yes.

Q. Did the stockholders know about your stock transactions?

A. Yes; and they approved them.

Q. They approved them?

A. They did.

Q. The business was to be conducted conjointly by these two roads?

A. The plan was to consolidate.

Q. But the business was to be conducted conjointly, was it not?

A. Yes.

Q. Was it not for the interest of the Maine Central and the Eastern railroads to accomplish that at the least possible expense?

A. It was.

Q. Now, then, if the Eastern Railroad bought a lot of stock, and paid 100 for it, whereas they ought to have paid 40 or 26, and the Eastern Railroad was to carry it, and the interest on that stock was to go in as a part of the expenses of operating, why would not the Maine Central stockholders share the burden?

A. I suppose they would.

Q. Then it would not benefit them much?

A. Yes, they would be benefited.

Q. How so?

A. By the rise in the value of their stock consequent upon consolidation. You are asking me how it would benefit the stockholders. If that stock were selling for 60, and the consolidation would raise its value to 100, would not the stockholders be benefited? I am telling you about the prices of the stock.

Q. How was the price of Maine Central stock to be benefited, if Judge Rice, instead of selling for the market price, sold for a higher price?

A. The contract is a contract looking to consolidation.

Q. Yes, and that is beneficial?

A. It was the consolidation that was to increase the price of the stock.

Q. And that resulted from Judge Rice's trade?

A. Judge Rice's trade was made.

Q. You gave us the names, the other day, of some persons who bought stock. I do not wish to go over that again; but do you remember any more names?

A. No, I have not thought of it since. I did not suppose that it was of any consequence.

Q. It is, perhaps, to know whether or not you put in this stock at the same prices you paid?

A. I did with the Eastern Railroad just what I agreed to do.

Q. Did you put the stock into the Eastern Railroad at the same prices at which you bought?

A. Almost all the stock passed through my hands without a cent of profit to me.

Q. Let us see if that is so; did you make anything on the sale of Judge Rice's stock?

A. Not a cent, sir; not a sixteenth of a mill.

Q. Did Judge Rice get the whole pay?

A. Yes; I had not a cent's pecuniary interest in it; I acted merely as an agent.

Q. How did Judge Rice get his pay, do you know?

A. He got his pay from the Eastern Railroad, I suppose; the first money, I think, I saw paid.

Q. Did he get money or notes?

A. He got money the first time, I think; \$50,000 or \$60,000.

Q. Do you know whether he got money or not?

A. I am certain that he got money the first time.

Q. Did he get a note for any part of the stock?

A. I suppose he did.

Q. Where is that note now? In whose possession is it?

A. I do not know; I do not know anything about it; I merely acted as an agent in the matter.

Q. You acted as an agent for whom?

A. I acted as an agent for Mr. Lothrop; I had no pecuniary interest in it myself.

Q. Will you turn to number two, in respect to date, on page ten?

A. Well, sir.

Q. You sold those 1,000 shares to Mr. Lothrop?

A. Yes; I presume that is a correct copy; I have not verified it.

Q. I suppose so. If you see anything in it that you think is incorrect, please state it?

A. I think it is correct.

Q. What profit did you make on those shares?

A. I do not know.

Q. What price did you put them in to Mr. Lothrop for?

A. Just what is stated here.

Q. You got 85 for them?

A. I presume so.

Q. You got that in money?

A. I got it in money.

Q. Who paid you—the treasurer?

A. Mr. Parker or Mr. Lothrop.

Q. Now, you sold them that stock at 85; what was the market price?

A. I should think, at that time, stock was selling for— Well, there was no market price.

Q. No market price?

A. No; we bought on the market. The stock was held chiefly by people in the State of Maine; it had never been on the broker's board.

Q. Can't you tell us about what the market price was?

A. There was no market price, I say. The stock was selling for from 60 to 70.

Q. Who bought any of the stock for 60 or 70?

A. I cannot tell.

Q. Do you know of a single individual who bought for 70?

A. Within a very few days of that time, Mr. Lothrop paid 70.

Q. Did he get the stock of you?

A. No, sir.

Q. Of whom did he get it?

A. He got it down in Maine, somewhere; I don't know of whom.

Q. How do you know, then, that he paid 70 for it?

A. He told me so.

Q. Was that before or after your sale to him ?

A. I cannot tell ; it was about that time.

Q. How did he come to buy ?

A. He undertook to buy some stock himself, and he paid 70 for it ; I know he paid as high as 70 for some.

Q. How was it, then, that he happened to pay you 85 ?

A. That contract was made in this way ; it was contingent. He wanted that I should agree to sell him so much stock. I told him that I would not agree to sell it for less than 85, because I was afraid that if it became known to the public that this plan was to be carried out, the stock would rise. If it got out, the people who held Maine Central stock would ask more for it.

Q. Would that not benefit the Maine Central stockholders ?

A. Yes, it would.

Q. Then your object was to buy in the dark ?

A. No, it was not.

Q. Well, then, by moonlight or gaslight ?

A. No, sir ; every transaction was open and fair, though I did not go out and proclaim what I was going to do.

Q. You meant, then, to buy it as low as you could ?

A. I meant to buy that stock as low as I could, because I had sold it in advance.

Q. You meant to buy in as low as you could ?

A. Yes ; what I bought individually.

Q. You thought that, by making public what you were doing, you would thereby increase the price of stock ?

A. Yes

Q. Did you not think it would rise, if it were known that there was an arrangement in regard to consolidation ?

A. The arrangement had not been made when that stock was bought. I knew that if the contemplated consolidation became known publicly, the stock would increase in value.

Q. And you did contemplate consolidation ?

A. Yes.

Q. What did you pay for the stock which you sold for 85 ?

A. I bought for from 60 to 75.

Q. Did you not buy for less than 60 ?

A. I commenced buying—I told you before—for 42½. The first stock I distributed among my friends.

Q. How was it that Mr. Lothrop paid you 85 for this stock, when he was buying himself for 70 ?

A. He paid me that because the stock was to be delivered in the future ; and it was to be delivered independent of any attempt to purchase stock where they were then negotiating.

Q. Then you did not own these shares yourself, at the time ?

A. I do not know.

Q. Is there any reason, other than that already given, that you can give why you sold that stock for 85 ?

A. Well, I had several persons buying for Mr. Lothrop. That put me to a good deal of expense, and I told Mr. Lothrop that I should insist on that price for these 1,000 shares.

Q. How many shares did you sell to Mr. Lothrop, or Mr. Hooper, or the Eastern Railroad, in all?

A. When you ask about my selling, do you mean what stock passed through my hands to them?

Q. Yes; what there was, exclusive of Judge Rice?

A. Well, then, I should think in all, in the neighborhood of 8,000 or 10,000 shares.

Q. I see this first lot is 2,000, and the other lot we have been speaking of is 1,000. Those make 3,000. When did you let him have the other 7,000?

A. I do not know; the stock was bought of various parties in Maine, and the contracts were passed over to the Eastern Railroad immediately, in most cases.

Q. Mr. Ward, had you any other contract in writing with Mr. Lothrop, or Mr. Hooper, or the Eastern Railroad, than is here presented in these papers?

A. I will explain: Now, for instance, here was a gentleman by the name of Sewell, and another by the name of Whitmore, a lawyer; I think I made a contract for 800 or 900 shares, with him, and I turned the contract over to Mr. Lothrop.

Q. At what price?

A. Sixty or 70.

Q. You made no profit on that?

A. Not a cent.

Q. That makes 4,000, does it not?

A. Yes; I turned the contracts right over to him.

Q. That makes 4,000; now, how about the other 6,000 shares?

A. Mr. Sewell, I bought a lot of; but in every instance the contract was turned right over to Mr. Lothrop; I acted only as agent.

Q. Mr. Ward, you do a pretty large business in this way, I suppose?

A. Pretty large.

Q. And, of course, keep books of accounts?

A. In what way?

Q. Why, books of accounts of your dealings?

A. Certainly.

Q. Does not your cash-book show how much you paid out for stock, and how much you received for it in return?

A. No; these transactions did not go on my books; I was acting merely as an agent.

Q. You had something to do with them, didn't you?

A. Yes.

Q. Then they must appear somewhere on your books?

A. I think likely.

Q. Then, do your books not show what you paid out?

A. I cannot tell you as to that.

Q. Will you produce your cash-book, and show what you paid for those shares?

A. I think it is not on my books; it was a private transaction, and did not go on my books.

Q. Still, it was a regular transaction of your own?

A. Yes.

Q. And where you derived some profit?

A. Yes.

Q. Then, why should it not appear on your books?

A. I have, probably, some memoranda of it.

Q. Have you not something that you could produce to show what you paid for your shares, and what you received from them?

A. I think not, because I own a good deal of stock, and I do not know what shares those particular ones were. I could not trace those shares back and tell what I paid for them.

Q. You have accounted for 4,000 shares, and yet 10,000 was the number sold. Now, have you no memoranda that will give us any information concerning the other 6,000.

A. I tell you that 10,000, in all, went through my hands. I was acquainted in Maine, and Mr. Lothrop was not; so I suggested that I would buy the stock for him.

Q. Did Mr. Lothrop or Mr. Hooper make a cent by the transactions?

A. Not a cent.

Q. How much did you make?

A. I cannot answer that question.

Q. Give us some idea?

A. I do not propose to guess at such a thing.

Q. Can't you give us something more than a guess? Did you make \$10,000?

A. I do not know.

Q. Did you make \$20,000?

A. I cannot answer.

Q. Did you make \$30,000?

A. I do not propose to tell. In the first place, I have not an accurate memorandum concerning it.

Q. I understand you to say that you keep a cash-account. What do you enter in it?

A. I did not say that I kept a cash-book of transactions of this kind. My regular business transactions are all kept in a proper way.

Q. Now, did you ever talk with Mr. Haven about this plan?

A. I do not recollect that I did.

Q. You used to be in and out of the Merchants' Bank a good deal?

A. Yes.

Q. You saw other persons there?

A. Yes.

Q. Did you ever have a conversation, in Mr. Haven's office, in which you went in with another man and said that you wanted to declare, in Mr. Haven's presence, that you had made a contract for the purchase of this stock?

A. I was there about some purchases of stock by Mr. Wooldredge, who was then president of the road. I made an arrangement with Mr. Wooldredge, I think, to sell him some stock; and he said to me, "I wish you would go in and state the terms of this contract before Mr. Haven." I went into Mr. Haven's room with him, and so stated it.

Q. What did you say?

A. I merely said that I had made an arrangement with Mr. Wooldredge to sell him 3,000 or 4,000 shares of Maine Central stock, contingently.

Q. Why did you do that?

A. Because I was asked to do it.

Q. Do you not know what object there was? Were you not both honorable men, and what need of doing that,—of having a witness?

A. Mr. Wooldredge asked me to do it.

Q. Did he tell you why he wanted a witness?

A. No.

Q. Was that all that was said?

A. Yes.

Q. When was this?

A. It was a little more than a year ago.

Q. How many shares did you sell to Mr. Wooldredge?

A. Three thousand, I think.

Q. What did he give you?

A. About 60 or 62, it amounted to, I think.

Q. Did you get that money?

A. Yes.

Q. Who paid you?

A. Mr. Wooldredge or Mr. Parker; I do not recollect which. Perhaps each paid some.

Q. Of whom did you buy those shares?

A. I do not know.

Q. What did you pay for them?

A. Some cost me in the neighborhood of 70.

Q. What did the rest cost?

A. I do not know.

Q. What profit did you make on them?

A. I think I did not make any.

Q. Will you swear that you did not make any?

A. No; I cannot tell; but to the best of my belief, counting interest on the money I used, I lost on the transaction.

Q. That belief is based on some foundation of fact, is it not?

A. Yes.

Q. Does not your belief arise from the fact that you know how much you paid for the shares?

A. I have no doubt that it does.

Q. What did you pay?

A. About 60, and as high as 70.

Q. Won't you tell of whom you bought?

A. I do not recollect.

Q. Here are 3,000 shares, and you say that you do not know of whom you bought them, or how much you paid for any of it?

A. I do not say that. I bought it of different parties.

Q. Tell us one?

A. I bought, I think, about 1,000 shares of that stock of Mr. Carr.

Q. Where is he from?

A. He is the manager of the Eastern Express Company.

Q. Partner of the gentleman who is abroad, Mr. Hall?

A. Yes.

Q. Can you not tell when you bought?

A. No.

Q. Can you not tell what you paid him?

A. I think I paid him 65.

Q. In money?

A. Yes.

Q. Well, that is 1,000; of whom did you buy the others?

A. I do not recollect.

Q. Of how many did you buy?

A. I took it up in Maine, of different parties.

Q. Can you tell us of whom you took it up?

A. No.

Q. Did you get any of Mr. Cook?

A. No; I think Mr. Cook's stock I purchased for him.

Q. Of whom?

A. I do not recollect; it was bought in Maine.

Q. Was the intention to keep all this secret from the Maine stockholders,—from the stockholders of the Maine Central,—the purchase of the 3,000 shares?

A. We did not proclaim it in the street.

Q. Carr knew as much about it as you did?

A. No, he did not.

Q. What were you keeping secret, then?

A. I do not know that anything was being kept secret, at that time. The only secret that we kept was simply that of the contemplated consolidation.

Q. Did you go to Mr. Haven's house, to have an interview with him about this stock?

A. Which stock?

Q. The Maine Central stock?

A. Do you mean the stock that the Eastern Railroad held?

Q. I mean anything about any stock?

A. I went to Mr. Haven's house.

Q. Did you go alone?

A. Yes.

Q. What did you go there for?

A. To have a private talk with him about railroad matters.

Q. What matters?

A. Various things.

Q. Eastern or Maine Central matters?

- A. Both.
- Q. What did you tell him about this stock ?
- A. The stock that the Eastern Railroad owned ?
- Q. The Maine Central stock, or the purchase of it by him ?
- A. I do not know that I said anything about it.
- Q. Not a word ?
- A. I do not recollect.
- Q. Do you know that you had kept it secret from him up to that time ?
- A. Kept what secret from him ?
- Q. This fact of the purchase of Maine Central stock ?
- A. No, sir.
- Q. When did you tell him ?
- A. I do not know that I told him at all. He was a director of the Eastern Railroad, and he could have conferred with others about it ?
- Q. He was not one of this party who bought ?
- A. No, sir. My negotiations—
- Q. What did you go to his house for ?
- A. To talk with him about railroad matters.
- Q. What matters ?
- A. Concerning the interests of the Eastern, the Maine Central and the Boston & Maine railroads. We were talking about trying to stop this quarrel between the roads; talking things over generally. We were talking about making a contract between them. That was one point. I spent the whole evening there.
- Q. Were you a stockholder in the Boston & Maine ?
- A. No, sir; but I was very anxious to have a harmonious arrangement between the roads.
- Q. And you went to his house about that ?
- A. I went to talk over matters concerning the three roads; about no particular thing.
- Q. You cannot say that anything was said about purchasing this stock ?
- A. Nothing about purchasing; but there was something said about selling.
- Q. (By Mr. SHATTUCK.) When was this ?
- Q. (By Mr. THOMAS.) When was this ? Last winter, was it not ?
- A. I think so; a year ago last month. One thing, I think, we discussed, was about the Eastern selling that stock. I asked him if they would be willing to sell the Maine Central stock.
- Q. What did he say ?
- A. He seemed to be undecided about it. He said that he might advocate, but he did not know what the others would think.
- Q. What did you want them to sell for ?
- A. We had given up the idea of consolidating. The contract for consolidation had been abrogated.
- Q. You had not given up the plan of consolidation ?
- A. In one sense, we had.
- Q. Why did you go to consult him about that ?

A. I went to ask the question, whether, if a few of us would join for the purpose of purchasing the Maine Central stock, the Eastern road would be willing to sell it. That was one point.

Q. You wanted to get some people together to buy the stock?

A. I asked him that question, whether, if such a combination were made, the Eastern Railroad would sell the stock; what he thought about it, as to whether or not the Eastern would sell.

Q. Did you own any stock in the Eastern Railroad?

A. I think not.

Q. When did you own Eastern Railroad stock?

A. I bought some twenty-five years ago.

Q. When this contract was made with Mr. Lothrop, in 1873, how many shares of Eastern Railroad stock did you own?

A. I think I had none, at that time.

Q. When did you buy any?

A. I do not recollect; I bought some twenty-five years ago, and I bought some since.

Q. When?

A. Within a year.

Q. Can you tell us nearer than that?

A. I bought some stock—

Q. Have you not bought some within three months?

A. Yes.

Q. Within two months?

A. No, sir; I should think not.

Q. What did you pay for the last you bought?

A. I do not know, exactly; the last I bought I paid in the neighborhood of 10 or 12.

Q. How many shares do you own now?

A. I do not know.

Q. Can't you tell us somewhere near?

A. Perhaps 500.

Q. Did you own any a year ago?

A. I should think not.

Q. Do you not know that you did not own a share a year ago?

A. I owned, for some time, small lots.

Q. How many? How many did you own a year ago?

A. Perhaps ten or twenty.

Q. And how many do you own now?

A. In the neighborhood of 500.

Q. And you bought all within a year. What was the highest price you paid?

A. I cannot tell you.

Q. Can't you tell us somewhere near?

A. The highest price that I paid for stock which I have now, might be not exceeding 20.

Q. Any not exceeding 15, have you? Have you not bought it, since it went down, for less than 15?

A. I have told you already that I have some that cost but 10.

Q. Have you any that cost as much as 15?

A. I have.

Mr. SHATTUCK. I do not want to make any objections, but it seems to me that this is not very instructive. I make the suggestion simply for the sake of saving time.

Mr. THOMAS. Perhaps you are right. [To witness.] Do you know what effect the publication of Mr. Cummings' *exposé* had on the market value of Eastern Railroad stock?

A. After it occurred, the stock dropped very quickly.

Q. Is it not true that you bought all that you hold since then?

A. I think it is very likely.

Q. Well, do you know much about the property of this road?

A. Not a great deal; but I have studied it, somewhat.

Q. Have you formed any opinion with reference to the value of the property, and its probable income in the future?

A. Yes; somewhat.

Mr. THOMAS. Mr. Chairman, if I had any idea that you supposed that this witness could throw any light on this subject, I would pursue my inquiries in this direction.

Mr. WILLIAMS. I think you had better.

Q. (By Mr. THOMAS.) Are you a bondholder, as well as a stockholder, of the Eastern Railroad?

A. I have an interest in the bonds.

Q. How much?

A. Perhaps \$30,000 or \$40,000.

Q. In bonds?

A. Yes.

Q. (By Mr. WILLIAMS.) When were those bonds acquired—at the same time that you acquired your stock?

A. The stock I bought since Mr. Cummings' *exposé*. Some of the bonds I had before that, and some I procured since, I think.

Q. (By Mr. THOMAS.) You have looked over this property a number of times?

A. I have been over it a great many times.

Q. What we wish is, your best judgment with reference to the ability of this road, under the bill now before the legislature, to "get on"; I don't believe I can express it better in any other way?

A. I see no reason in the world why it should not, if it be well managed. But a great deal depends upon the harmonizing of the running of the three railroads.

Q. Meaning the Eastern, Maine Central, and Boston & Maine?

A. Yes. On the Maine Central, I know there is a great deal of money lost. When I first became a director in it, I found a condition of things very much the same as between the Boston & Maine and the Eastern. There were three rivals competing, and two were in direct and bitter competition. They were continually quarrelling, and wasting money in that way. Those roads were consolidated; and the result of that consolidation was an increase, in the aggregate receipts, of 20 per cent. in the first year, and far better accommodation to the public.

While the public had been afraid of the consolidation, and had fought it strongly, after the consolidation took place, it became popular, and it proved to be one of the most popular railroad measures ever adopted in the State of Maine. The roads have since devoted their time to developing their interests, and they have increased their receipts very much in the aggregate, having done business better and cheaper than before. I think there would be the same result, if these three roads could be brought into harmony. Their net earnings could be made sufficient to pay all the interest that is contemplated, and also, very shortly, a dividend on the stock, by judicious and prudent management on the part of the Eastern Railroad. Or it might pay the interest on the debt, and also, perhaps, save something for the stockholders. You spoke about that bill. For one, I would like to see it altered, so far as the election of directors is concerned, so that if the stockholders do make anything, it may be saved for them. That bill provides, that three of the directors shall be elected by the stockholders, three by the bondholders, and three by the trustees. That places the power out of the hands of the stockholders, to enable the road or directors to foreclose, and get the stock off at any time. The directors should be elected by the property itself. The stockholders should elect four or five, and the creditors four or five, and those eight or ten should elect one. I should like to say a word or two in explanation of the purchases of this stock, especially as the gentleman who questioned me seemed to lack faith. I should like to take the map, and explain my ideas to the Committee.

Mr. SHATTUCK. Here is a map.

Mr. THOMAS. I do not want to be misunderstood; I have not said that I have not faith in the ability of the road to get on, and do not want to be so represented.

WITNESS. I am speaking of the Maine Central; I should like to take the map and explain the subject to the committee.

Q. (By Mr. WILLIAMS.) I should like to ask a question or two about the bill; you regard the bill as the only salvation for the stockholders?

A. I suppose, if the road goes into bankruptcy, the stock will be wiped out.

Q. So you would favor the bill?

A. Yes.

Q. You speak of an amendment; suppose that amendment could not be adopted in the legislature, would you oppose the bill without it?

A. No; I do not think the alternative exists.

Q. Have you expressed any opinion different from that?

A. From what?

Q. That you thought the bill ought not to pass, unless that amendment was made?

A. I do not recollect of expressing it.

Q. So you think, that if it came to this, that the creditors of the road would not agree to this change, it would be better to pass the bill as it is?

A. I think so; but it would be better to make this change. I do not think the stockholders have any protection without it.

Q. (By Mr. MOSELEY.) Something has been said about Judge Rice; I would like to know who he is, and what his position is?

A. Judge Rice was, for some time, at the head of the judiciary of Maine. But he took an interest in railroads, and left the bench. He has been, for ten or fifteen years, connected with railroads, chiefly those in Maine.

Q. Is he a respectable, honorable man?

A. He is; and he is one of the best lawyers in Maine.

Q. When he was president of the Maine Central, do you know whether he ever made any application to the Eastern Railroad, to obtain additional facilities for their business?

A. Yes, sir; we made a contract between the Maine Central and the Eastern.

Mr. WILLIAMS. Perhaps Mr. Ward can make his statement better, now, with the map. It may save repetition.

Mr. MOSELEY. Very well.

WITNESS [referring to map]. I will explain a little in regard to this map. Here is Boston and here is Portland. There is the Eastern Railroad and there is the Boston & Maine road, making two roads running into Portland. There is Bangor and here is Portland. The capital, including bonds and stock, is a little over \$12,000,000. They have, however, about half a million of reserved bonds, which have not been issued, so that it really reaches but about \$11,500,000. There are 310 miles that are owned, and 50 that are leased. Some of it is double track, and some single track; but most of it, I think, is single. That road is in excellent order. It is well equipped. It has a large rolling-stock, consisting of from 60 to 70 locomotives; from 70 to 80 passenger cars; and from 1,200 to 1,500 freight cars. There are 76 depots, well situated, and well surrounded by land. The land in Portland, Lewiston and Bangor is worth more than \$1,000,000. With all this, the cost of the road is considerably less than \$40,000 a mile, which is probably two-thirds what it could be purchased or built for now. It runs in the best part of the State of Maine, and absolutely controls three-fourths or two-thirds of the entire railroad business of Maine. It is beyond competition. There is no road hardly in the United States situated as it is. It would be almost impossible—certainly, at present, and for a long time—to build any road that could compete. Therefore, it controls a business which is growing, and must grow. When we strike Bangor, we come upon the European & North American Railroad, which runs up into New Brunswick and St. John, and from that strikes that system of roads down here, about 1,200 miles, and running through a population of 1,000,000 persons. Their only outlet by rail is up here over the Maine Central road, so that the Maine Central stands there, controlling, virtually, the whole of this business. Those roads are completed, and many of them are valuable. They are already taking business from the steamboats, and carrying it largely over the roads. Ultimately, a large proportion of this business must come here. There is a large amount of business at present, which cannot be taken until the gauge of the European & North American Railroad is changed. That road is still broad gauge. A large part

of the business is in lumber, and as it has to be transhipped from the European & North American road, it is put into vessels and sent along by water. When the gauge is changed, the lumber will come right through by rail. The Eastern Railroad and the Boston & Maine are running from Boston to Portland. Those roads formerly ran down and connected with the Portland, Saco & Portsmouth road, and thence to Portland. Up to 1870 or 1871, I suppose three-fourths of the freight, and perhaps four-fifths to three-fourths of the passengers came to Boston over the Boston & Maine road. The first contract was made with the Eastern Railroad, in 1871, which looked to a closer connection of the Maine Central with that road than with the Boston & Maine. From that time the business began to change; and for the last three years the positions have been reversed, three-fourths of the freight coming over the Eastern Railroad, and, I presume, more than four-fifths of the through passengers. So the Eastern has gained so much in consequence of these contracts. They are enabled to turn the business from the Boston & Maine to themselves.

Q. (By Mr SAWIN.) Then you think it would be better for the Eastern Railroad to hold on to its Maine Central stock?

A. I should not let it go, certainly, until an arrangement was made with the Boston & Maine, because it is the key of the whole situation. A contract was made with the Eastern Railroad, after the arrangement with regard to the Portland, Saco & Portsmouth had been broken off. The Boston & Maine then determined to build a competing road into Portland. They were going down to get this business. The Eastern then determined upon a plan for a closer connection, and out of that grew this proposition.

Q. The matter is now in the hands of the Maine Central directors?

A. Yes.

Q. Yes; it is, as to who shall distribute the freight and passengers from your road. It is, of course, considerably in the power of the directors of the Maine Central?

A. Yes.

Q. Have you got a contract now, formerly a contract for consolidation?

A. What I am speaking of now, is this: the point which led them to closer connection, and finally, to an attempt to consolidate with the Eastern railroad, was the fear that the Boston & Maine would get control, and by spending a million of dollars in getting control of it in that way, they had the matter in their own hands. Now, the extra business that came, I will venture to say, in consequence of this closer connection,—the profit on it was worth more to them than the interest.

Q. (By Mr. HAYNES.) Do you think it was a wise thing, annulling that contract with the Boston & Maine?

A. I think that was a mistake. The Maine Central endeavored to take the lease to bring the point of competition up to Berwick; but we were defeated in that; the Eastern got possession of the road. It was a mistake, all around.

Q. (By Mr. SHATTUCK.) This was before Mr. Lothrop or Mr. Wooldredge had anything to do with it?

A. This matter of getting the stock and the control of the road was after all that was done.

Q. (By Mr. FAIRBANKS.) That was while the Maine was being built?

A. Yes.

Q. It was while the Maine was building to go down to the Maine Central. As that road did meet it, you were afraid they might make a bargain and turn the business over their road?

A. But if we owned the stock, they would have to make a contract with the Eastern Railroad.

Q. Of course, if the Eastern road owned the stock, the Maine Central would have to make a contract with the Eastern?

A. It enabled them to control it with a very small amount of money. Here are 1,200 miles of road, and when this gauge is changed, as it will be, and a bridge is built at St. John, we can bill goods from Halifax, or anywhere else, to Boston. There are over a million of people there, and the Eastern Railroad was getting control of it for a million of dollars.

Q. (By Mr. MOSELEY.) Where is the Rochester & Nashua road?

A. That comes way round.

Q. Does it connect with the Central?

A. Yes.

Q. Where about?

A. Just out of Portland. We run in together, I think; we have made an arrangement with them.

Q. (By Mr. JAMES.) There is the very point I wish you would make clear. State about the Nashua & Rochester road connecting with your road.

A. Beg pardon; do you want to ask anything about it?

Q. I wish you to explain how the road connects with yours.

A. The road connects with us at Portland, or in the immediate vicinity, and runs to Rochester, and runs up and strikes the Worcester & Nashua, I think,—makes a direct line.

Q. (By Mr. HAYNES.) With the Nashua & Worcester road to New York?

A. Yes.

Q. (By the CHAIRMAN.) That road don't pay?

A. No.

Q. (By Mr. HAYNES.) Do any of the roads down there, east of Bangor, pay?

A. Some of them do, but many of them have just been opened. They are developing a large mining interest, and a large lumber interest; and there is another point about it: that is part of the Dominion, and the whole travel from that section of country,—to Ottawa, for instance, where parliament meets,—comes this way.

Q. And takes the Grand Trunk?

A. Sometimes takes the Grand Trunk, and it is expected that some will go up by the Ogdensburg. What I wanted to call your attention to,

was what induced the Eastern Railroad to go down there and make that connection.

Mr. HAYNES. I think everybody understands that.

WITNESS. You see it is perfectly plain, there is one of the best pieces of railroad property in this country.

Q. (By Mr. HAYNES.) One question is, whether they were not paying too much for it?

A. No, sir. One reason why Judge Rice, by the way, would not give up his stock, was that he contended the stock was worth par, and the two should be put in on the same basis. Now, I may tell you another thing. A gentleman came to me—a man of property, character and standing—who was connected with some other road, and offered to buy a majority of that stock, pending these negotiations, for \$100 a share, or else he would bring me a contract by responsible parties guaranteeing a permanent interest of six per cent. on that, and if he didn't do that, he agreed to pledge—to put in my hands—6,000 shares of the Maine Central stock, which could be forfeited if the thing was not carried out. That proposition was made by parties adverse to the interests of the Eastern Railroad, when these negotiations were pending.

Q. (By Mr. MOSELEY.) Mr. Ward, I want to ask you about these terminal facilities in Boston; about the plan that you had with Judge Rice, and perhaps with Mr. Hooper and some others, for getting additional facilities previous to the purchase of land in Charlestown?

A. Well, one plan contemplated was that marginal railway.

Q. Will you be kind enough to explain that?

A. What do you mean, explain about the road?

Q. Explain about what the plan was?

A. There was an arrangement made by some individuals to buy that stock, or a majority of it,—two-thirds I think,—of Mr. Crane; the idea seemed to be, at that time, that that would be a better way. That marginal road,—put in operation, finished, completed as contemplated,—would furnish all the terminal facilities the Eastern Railroad would need, so that they would not be obliged to buy land in Charlestown, or anywhere else,

Q. Do you remember about the contemplated cost?

A. No; but I should think we were to have half of it, or two-thirds,—perhaps two-thirds, and I think that was it,—for about \$250,000, I think.

Q. Who were the parties interested in that?

A. In buying it?

Q. In buying it; yes.

A. Well, there was—I declare I don't know—there was Mr.—

Q. Mr. Hooper?

A. Mr. Hooper, and Mr. Lothrop, and Judge Rice, and, I think, Mr. Lockwood; Mr. Haven was conferred with; I forget, exactly, what turn it took.

Q. Didn't they actually come to a written agreement—I don't know as it was a written agreement—but a verbal agreement of specified sums they were to pay?

A. Yes, I think they did.

Q. What was the reason of its falling through?

A. I don't know that I recollect. I think Mr. Hooper changed his mind; I think he did.

Q. That is, he thought he could drive a little sharper bargain?

A. Well—well, I shouldn't want to say that; but I think he changed his mind; Mr. Crane is a little peculiar,—I don't know as you are aware of it, but he is a little peculiar, and rather a difficult man to deal with,—and the minute a modification was proposed, he became rather impracticable, and, somehow or other, the thing fell through. It was a matter that occurred five years ago, and I don't remember.

Q. I should like very much if you could remember about it, so as to let us know.

A. I have told you that—

Q. Please give us some of the details, if you can.

A. I think the arrangement was broken up by Mr. Hooper, which is about all that I do remember.

Q. That is, Mr. Haven and Mr. Hooper had actually made a bargain, and it was to be consummated on a certain day; was it not so?

A. I don't know about Mr. Haven. Mr. Hooper had made a verbal agreement, I think, in regard to it; but I am not certain that there was not a written agreement. I don't— I have forgotten about Mr. Haven. I think we talked the matter over in the bank, when Mr. Haven was present.

Q. Well, that was understood to be for the Eastern road, was it not?

A. No, sir; we were going—these parties were going—to buy it, and after we had got it, why, then, the thing was—

Q. (By Mr. THOMAS.) To be put into the Eastern Railroad?

A. No, sir; we were to form a company ourselves.

Q. (By Mr. MOSELEY.) But the Eastern was to have some advantages?

A. The Eastern was to have some advantages: it was bought by the friends of the Eastern Railroad; the friends of the Eastern Railroad would control it, and it would, of course, have a full share of the benefit. It would be accommodated first, before others would be. The friends of the Eastern Railroad were to have control of it, but there was nothing said about the Eastern Railroad going into it.

Q. There was nothing said about leasing it to the Eastern Railroad?

A. No, sir; I don't think it was ever heard of.

Q. And you were satisfied that would have given them all the terminal facilities they wanted for this immense line of road you have just described.

A. We thought so at the time. There were some plans for widening the avenue; I have forgotten—

Q. Did you act as agent with Judge Rice, in making the negotiation?

A. I had, perhaps, as much to do with it as anybody had,—the negotiation.

Q. And how did you find the charter and the property of the Marginal road at that time?

A. Well, I declare I don't know.

Q. Find everything satisfactory, or not?

A. I think so. It was examined. We had Judge Rice and one or two lawyers. I have forgotten who they were. They went and examined it; I did not. It was referred to the lawyers to examine the organization. The condition of the charter, and one thing and another, they went into, and examined; my impression is, Judge Rice, and Mr. Lothrop, and I don't know but somebody else. They examined, and made a verbal report in regard to it, and then, somehow, it fell through.

Q. And it fell through on the ground of Mr. Hooper's reconsidering?

A. I think so.

Q. He wanted to drive a little sharper bargain?

A. I should not like to say.

Q. That was exactly it, wasn't it?

A. I know I was a good deal disappointed at the time. I thought that would be a good solution of the matter of terminal facilities.

Q. If they had done that, it would have obviated the necessity of going into the purchase of \$2,000,000 of property in Charlestown?

A. We thought so.

Q. That was really so?

A. We thought so, at the time.

Q. And they would have got for \$200,000 better facilities than they have now?

A. If I recollect right, I think we were to have two-thirds or three-quarters of it for about \$250,000 or \$260,000

Q. That is, the whole would not have exceeded \$500,000?

A. I think that is so.

Q. But owing to Mr. Hooper's desire to drive a sharper bargain, you let it slip, and then they were—where?

A. The negotiation fell through, and then they had to take another alternative, and, at the time, that seemed to be the only thing to do. You see, here was the freight. The business was coming from Maine, and it was heavy and bulky, and their freight facilities were at East Boston, and they saw plainly they could not control that business in Maine, unless they had terminal facilities in the city. You see, after making the trade with us, and making these arrangements for consolidation,—entering into these plans,—they expected us, of course, down there on the Maine Central, to do all we could to turn the business over their road. They saw, of course, they could not take it and land it in East Boston. There was trouble about it, and a good many would not go there; and, to meet that emergency, they deducted twenty-five cents a ton on all freight delivered there. In our contract, I think that was provided.

Q. This charter of the Marginal road, I understand, gave the right to go to every wharf and every street of Boston?

A. It was a very broad one; they could have delivered their cars almost at any man's store. Yes, it was very broad.

Q. It would have done away with depot accommodations almost entirely, or the need of them?

A. We thought so; we thought it would supersede the need of these; it would deliver the freight by rail at the warehouses, or to the parties to whom it belonged; take it down from the railroads or, carrying it

back from the large warehouses, supersede teaming and trucking, and all that.

Q. (By Mr. WILLIAMS.) Mr. Ward, what was the first price offered Judge Rice for his stock?

A. I don't know as there was any price offered, except what we talked with him. He said he thought his stock was worth par, and it would be par if he sold; and he said there wasn't any reason why he should not have what the stock would be selling for in the market when the plan was carried.

Q. How long after you bought stock at 42 was that?

A. That was perhaps a year or two years after.

Q. (By Mr. MOSELEY.) Was not the fact, Mr. Ward, that Judge Rice got disgusted with Mr. Hooper's management?

A. Well—well—

Q. And they had to get him out of the way?

A. Out of the way?

Q. Yes.

A. The Judge and Mr. Hooper were not on the best of terms, and I think Mr. Lothrop— That was the way I was drawn into that contract. Judge Rice was distrustful of Mr. Lothrop. Mr. Lothrop was to buy that stock for the Eastern Railroad. I don't want this to get into the newspapers.

Mr. THOMAS. Perhaps you had better not state it.

Q. (By Mr. MOSELEY.) Mr. Lothrop was a son-in-law of Mr. Hooper?

A. Yes.

Q. He was the mouthpiece of Mr. Hooper; that is, he did just whatever they told him?

A. Yes.

Mr. MOSELEY. We have another case of son-in-law here.

Q. (By Mr. JAMES.) Who paid for Judge Rice's services, when he was here, looking after this Marginal Railroad?

A. He didn't charge anything. Nothing paid Judge Rice for that. Judge Rice was one of the parties who was willing to join in the purchase.

Q. I want to ask you one other question: I want you to explain to me,—I am one of those fellows who bought Eastern Railroad at a pretty high price,—after you made this contract, and you came into our meeting and got up this thing they have been swearing about that ruined us—

A. Got up what?—I beg your pardon.

Q. You came into our meeting and got us to ratify this contract,—on the 19th page, I refer to,—what benefit was that to be to the Eastern Railroad; that contract that you made which has ruined us?

A. I don't know what you are talking about.

Mr. WILLIAMS. He refers to the contract between the two companies.

Mr. JAMES. Eighteen hundred and seventy-three.

A. That is, the contract for consolidation we have been talking about?

Q. Yes; and what benefit was that going to be to us, when you came in with this thing to ruin us, so we had to buy all the stock?

A. I don't know what you are talking about, and I really don't believe you do.

The CHAIRMAN. If you will please state this so that the Committee can understand it.

Mr. THOMAS. Will you please state the question?

Mr. JAMES. My question is, What benefit did the Eastern Railroad get by making that contract? that is the point.

The CHAIRMAN. What contract?

Mr. JAMES. The contract in the month of February.

The CHAIRMAN. Won't you state the contract?

Mr. JAMES. On the first page of our return in 1873.

Mr. THOMAS. He means the contract of consolidation.

Mr. JAMES. Yes, that is it; the contract for consolidation.

A. Because it controlled our business down in Maine.

Q. You controlled it?

A. Who?

Q. You and Judge Rice. You controlled the business of the two roads.

A. Let me explain. If these two roads were consolidated,—made one line from Boston and Bangor,—the Eastern Railroad would control all the business.

Q. What would you put in your stock for? At par—your bankrupt stock?

A. At 80.

Mr. JAMES. That is the point, exactly, that I wanted to bring out.

The CHAIRMAN. We have known that for a long time, Mr. James.

Q. (By Mr. JAMES.) Didn't you know that if our Eastern road should buy up your stock, it would ruin us?

A. No, sir. It was one of the best things the Eastern Railroad ever did.

Q. Well, how about this Mr. what's-his-name?

A. If the Eastern road had been in the position it was represented to me, and they had effected the consolidation, I have no doubt but that Eastern stock would be up to 120.

Q. Did you hear Mr. Wooldredge's testimony, as to how he happened to buy the Maine Central stock?

A. I don't know whether I did or not.

Q. Have you read it?

A. I don't know that I have read it; I don't think I have; but I am merely giving you my opinion; I don't know what his is; you are asking me for mine, aren't you?

Q. Isn't there another line of railroad from Boston to Portland,—by the Lowell road?

A. There is the Boston & Maine line.

Q. Not the Boston & Maine; isn't there a line from Boston to Nashua, and then down to your road?

A. O, no; that is a long, roundabout road.

Q. Goes to Portland, don't it?

A. Yes.

Q. Takes freight from Boston, don't it?

A. No.

Q. Does some, don't it?

A. I have never heard of it. By the way they run now, my impression is, it is some thirty miles farther.

Mr. JAMES. Wait right there; that will do for you; we will put in evidence on that point.

Q. (By Mr. SHATTUCK.) Can you tell me how much—what per cent.—the Maine Central was earning upon its stock in 1874?

A. The Maine Central, in 1874, I think, paid its running expenses; the road was kept in excellent order, improving all the time, and paid its interest; and I think it earned about six per cent. on the stock.

Q. Well, now, under the influence of the proposed consolidation, to what price did the stock of the Maine Central advance in 1873?

A. Well, the stock went up— There was stock sold, I think I have stated, as high as 75 and 80.

Q. That was between outside parties—not connected with the Eastern Railroad?

A. Yes.

Q. Then, after 1873, did the stock of the Maine Central go down—decline in price?

A. After when?

Q. After 1873; after the consolidation project failed?

A. After the contract was abrogated, the Maine Central stock declined somewhat.

Q. Do you know whether these last purchases, made by Mr. Wooldredge, were less than it cost the holder?

A. Yes; I know he bought some for less than it cost me.

Q. It went up till 1873, and when consolidation was abandoned, it declined?

A. Yes; there was an uncertainty growing out of it.

Q. Then, as to the price paid Mr. Rice, I think you stated to the Committee whether he could have got that price from other parties at that time?

A. Whether he could from other parties? That price from other parties?

Q. Whether Judge Rice could have got the price—par—from other parties?

Mr. THOMAS. He said the highest price he knew of was 75 or 80.

Q. Whether he could have got that price from other parties?

A. The proposition was submitted, parties agreed to pay about that time,—I can't fix the exact date,—but parties agreed to pay, about that time, a hundred dollars a share for the stock, if we would furnish a majority or controlling interest; that was proposed.

Q. This was another party, outside Mr. Wooldredge?

A. Yes.

Q. One other question only, Whether, in your judgment, if the Eastern and Maine Central had been consolidated, they would have earned enough to pay interest on the Maine Central debt and on the Eastern debt as it is now?

A. They would have earned enough to pay it on the debt as represented. It would depend very much on harmonizing the quarrel. I think, if we could take these three roads, and put them together, stop all competition, I am inclined to think that very soon, even with the debt of the Eastern Railroad, they would be able to earn enough to not only take care of all the debt, but a dividend on the stock.

Q. One other question, and that is, From your experience in Maine, whether the towns through which these roads run would be more greatly advantaged from having this road a prosperous and through connecting line, than they would with it an insolvent and independent road?

A. Certainly.

Q. (By Mr. WILLIAMS.) What did you consider the value of Maine Central stock, in your judgment, at the time Judge Rice made this contract?

A. We valued it pretty highly. If the two roads, as I said before,—if you could bring these roads together, consolidate them, I had no doubt then, and have not now, that that stock would have gone up. We proposed to issue new stock, and take up the old stock.

Q. Just answer my question.

Q. (By Mr. SHATTUCK.) Go up where?

A. I think 120, or par.

Q. (By Mr. WILLIAMS.) Just notice my question, Mr. Ward, and answer it as briefly as you can, What did you think the value of the stock was at the time this contract was made with Judge Rice, in May, 1873?

A. I tell you, if the contract was carried out, it was worth par.

Q. But what, at that time, irrespective of the plan,—taking all circumstances as they stood May 12, with the probabilities such as you knew,—what did you think the stock was worth?

A. They were just getting into a shape to pay dividends.

Q. Can't you answer the question as I put it?

A. What it was worth then?

Q. Yes.

A. I think it would have been a good purchase at 80 as an investment, —to keep as an investment,—if you couldn't get it for less.

Q. Now, was this the real state of that transaction, that Judge Rice stood in a position where he was essential to the carrying through of this plan, and that he had got to receive par, or else he would frustrate the whole thing?

A. No, sir; he could not frustrate it. There was a majority of the directors standing ready to vote for it and pass it over his head.

Q. Did the other directors know about it?

A. They didn't know about the judge selling his stock; they knew about it.

Q. What was the need of getting this stock, then?

A. We had got to a point where they were going to come out at once, and they hadn't as much as they wanted, and Mr. Lothrop concluded that he had better buy it, and pay par.

Q. You mean to say that there was plenty of stock he would have had at 80, but he went forward and bought that at par?

A. No, sir; we had got to the point where it was to be brought before the directors and ratified.

Q. They were about ready to ratify it?

A. Yes; and the moment it became known, it would go up, and Mr. Lothrop thought it would be cheaper than to buy outside.

Q. That is, Mr. Rice knew that if he was not paid, he could tell others, and they would charge the same; he could frustrate consolidation?

A. No, sir; because the directors stood right.

Q. There was no necessity in getting these shares for consolidation?

A. No, sir.

Q. But in order to control the thing after that, it was necessary to buy it?

A. Yes.

Q. (By Mr. NOBLE.) Didn't the laws of Maine require consolidation to be ratified by a majority of the stockholders?

A. It was thought advisable to do it. It was passed, in the first place, by the board, and then taken before the stockholders and ratified by a very large vote.

Q. (By Mr. SHATTUCK.) I should like to ask one more question: You said that you thought the stock was worth, irrespective of consolidation, about 80?

Mr. THOMAS. If he couldn't get it for less.

A. Yes; as an investment to hold.

Q. Now, I should like to ask you whether, at that time, you could have bought any very considerable amount in the market at 80?

A. The stock had been pretty much picked up of all who would sell.

Q. That is the question: whether you could, at that time, buy any considerable amount of stock at 80?

A. I am very certain we could not have picked it up after the matter of consolidation was voted on.

Q. After this vote was passed, you could not have picked it up?

A. No, sir.

Q. (By Mr. WILLIAMS.) You have examined pretty carefully into the property of the Eastern Railroad, as it exists now?

A. Yes, as carefully as I could.

Q. And you have had considerable experience, as your testimony shows, in railroad management, for the last twenty-five years?

A. Yes.

Q. And have been acquainted with the Eastern Railroad?

A. Yes.

Q. What do you consider the value of the franchise and property of the Eastern Railroad, taking its contracts as you know them to exist?

A. I don't know. I have stated before—

Mr. THOMAS. To the Eastern Railroad Company, you mean—not to sell at auction—the value to the stockholders?

Mr. WILLIAMS. Yes; to the company itself, I mean.

A. My belief—my impression, if the road was properly managed—

Mr. THOMAS. Assuming that to be so.

Mr. WILLIAMS. Well and economically managed?

A. Well and economically managed, harmonized with the Boston & Maine Railroad, I have not a doubt at all but that the debt could be reduced down, I think, to \$10,000,000—which I understand to be the value of that property—perhaps within six years; and after that, that stock would be good dividend stock. I see no reason—

Q. I understand you to say— There has been more or less discussion in the legislature, about the value of the franchise and the property, and there are a variety of opinions—I assume you are able to give us an intelligent opinion on the question, and I should like to have it?

A. I think, now, the gross receipts of that road, properly managed, would be, at least, \$3,000,000; and that road ought to be run for two-thirds of its gross receipts, if not for less; certainly for two-thirds, and that would leave a million net earnings of that road, and of course that would,—they have got, the first three years, only $8\frac{1}{4}$ per cent. to pay,—and I see no reason in the world why that—

Mr. THOMAS. I should be glad to have you answer the chairman's question, which you have not done yet. About, in millions, what should you say the property and franchise is worth? Let us have the question direct; give us your best judgment, in millions, how much it is worth to the Eastern Railroad Company,—not to sell,—but to the Company?

Q. (By Mr. WILLIAMS.) Is it worth \$20,000,000?

A. Well, that is a pretty high estimate to put upon it, now.

Q. At six per cent. it would be pretty nearly up to that; taking the estimate of the net income you gave, it would be pretty nearly that?

A. Yes; they have some rents to pay.

Q. You mean to deduct their rentals from the gross receipts? You mean this is the net above operating expenses?

A. Yes; I should want to study that over with a little more care.

Q. It looks a little larger in that shape than when you stated the net?

A. Yes.

TESTIMONY OF SAMUEL C. LAWRENCE.

Q. (By Mr. THOMAS.) Mr. Lawrence, you are now the president of the Eastern Railroad?

A. I am.

Q. And you have been in the direction of the road about how long?

A. A little over one year.

Q. What, if anything, do you know about the observation in the report of the railroad commissioners about any overissue of bonds?

A. I presume you refer to the \$500,000 of bonds.

Q. I refer to what is said here.

A. The bonds I see before me—these two books, I presume?

Q. Do you know of any such issue?

A. As this?

Q. Yes. I will ask that question hereafter. What was the first you knew in respect to these books, or either of them?

Mr. WILLIAMS. I should state that this is one thing we are to consider. We are instructed to consider—to inquire whether the Eastern Railroad has complied with the laws of the Commonwealth with regard to the issue of bonds or notes.

Q. (By Mr. THOMAS.) What was the first you knew with respect to these books, or either of them?

A. I don't know that I can now recall the first intimation I received of the existence of these two books. It was during the investigation. The fact was ascertained by me during the investigation of the affairs of the road in September last. I heard that there were two such books in existence, but I could not at the time ascertain where they were.

Q. Was that the first you had heard of it?

A. That was the first I had heard of it

Q. What means did you employ to find where they were?

A. I asked some of the clerks if they knew of the existence of such books, and finally I asked the treasurer. He stated that there were two such books of bonds. I asked him where they were, and he told me that one of them was in the vault of the Merchants' Bank, and the other was in Mr. Lothrop's office.—in the safe in Mr. Lothrop's office.

Q. And thereupon what did you do, if anything, about it?

A. I asked him why they were thus placed,—why they were not in the vaults of the company. I think his answer was, that perhaps they should be in the safes of the company.

Q. Yes. Did he state by whose desire that they were placed where they were,—one in the Merchants' Bank vault, and the other in Mr. Lothrop's office; and, if he did, what did he say?

A. He said that the one in the Merchants' Bank was left there for Mr. Haven's signature. The book was carried up from the office for Mr. Haven to sign his name, as one of the finance committee, approving the issue of the bonds; that the other book was left with Mr. Lothrop for Mr. Lothrop's final signature. I asked him why they had not been brought back. I think his answer was, that they ought to have been, and perhaps it was an oversight on his part, or something of that kind. I don't remember the exact words.

Q. Now, before coming to that one which was at the Merchants' Bank, what did you do, if anything, in respect to that one you were told was in Mr. Lothrop's office.

A. I told Mr. Parker to go and ask for the book of bonds there, and get them, and bring them to the office; that they should be in the safe of the company, and not where they were. He did so. He went for them, and returned as an answer that Mr. Vanderlip—Mr. Vanderlip, I think, was the gentleman's name—

Mr. THOMAS. Yes, Judge Lowell's clerk.

WITNESS. —Refused to deliver them. I went to the Merchants' Bank and asked for Mr. Haven, to get the books there, but Mr. Haven was not in. I asked the cashier if he had such a book there,—describing it,—a book of bonds. He said there was such a book. I asked him how it came to be deposited there. He said he was not aware of how it came to be deposited, otherwise than from an inscription which was written upon the wrapper containing the book.

Q. Well, did you see the wrapper?

A. I did not, at that time.

Q. Anything further he said?

A. Nothing further, that I recall. Mr. Haven afterwards called my attention to the subject. I think it was within half an hour, I met him at the custom-house. He said he had learned that I had called for, or asked for, that book of bonds; and said he, "If you will come up to the bank, I will deliver it to you."

Q. Yes.

A. I went to the bank; he produced the book, and read to me the inscription upon the wrapper.

Q. What was it?

A. I do not remember the exact words, but the substance of it was to the effect: "The bonds inclosed in this wrapper are worthless. They were left in my charge, as a member of the finance committee of the Eastern Railroad." There was something further in the inscription, but I cannot remember it.

Q. What was the idea; what was the import of it?

A. I cannot recall it.

Q. Well, did he tell you who left them there?

A. They were left there by Mr. Parker.

Q. For Mr. Haven's signature?

A. For Mr. Haven's signature.

Q. Did you take the book away then?

A. They were also left. The book remained there, as I understood, as collateral for the security on a loan to the Massachusetts Hospital Life and Trust Company.

Q. For how much?

A. Two hundred thousand dollars; or for collateral on a loan to the Hooper estate. I am not positive to which of these two loans they were there for. It was for one of these two loans,—a large loan. I remember, now, it was as collateral to the Massachusetts Hospital Life and Trust Company.

Q. One moment before we pass from that Tell us particularly about the loan; what you know about the loan.

A. The Massachusetts Hospital Life and Trust Company made a loan to the Eastern Railroad of \$200,000, and a note given by the Eastern Railroad Company was indorsed by Messrs. Benjamin E. Bates, Samuel Hooper and F. Haven.

Q. Indorsed by them?

A. Yes.

Q. Has the note ever been paid?

A. It has not.

Q. Now, tell us particularly in respect to these bonds left there as collateral to that note.

A. The book was left there in the manner in which I have already mentioned, and was afterwards ordered to be kept as collateral for that loan, as I understand, by the president of the railroad, till a time when what was known as the sterling loan was issued. At that time a vote was passed by which the vote authorizing the issue of these bonds was rescinded, and the bonds declared worthless.

Q. Pardon me; was there ever any vote passed by the directors, in respect to issuing these bonds?

A. Yes.

Q. Was there any vote of the stockholders?

A. Yes.

Q. When was that passed; the stockholders' vote?

A. I should have to refer to the record to find it.

Q. Could you not tell us the year; that is all I want to know?

A. I think the bond itself tells; I am not positive.

Q. It tells the vote of the directors?

A. October 1, 1873.

Q. To issue these bonds?

A. Yes.

Q. And these bonds were pledged by what vote? I didn't quite understand that?

A. They were pledged by the president of the road.

Q. Was there any vote to pledge them?

A. I do not know, sir.

Q. Never saw any, did you?

A. I could not say that there was one; there might have been.

Q. You never have found any vote to pledge them?

A. There may be one in existence, but I never have seen it.

Q. And your statement is that these bonds were authorized by the directors, and were pledged for that loan?

A. Yes, sir.

Q. And that, subsequently, a new loan—the sterling loan—was made in place of this?

A. Yes.

Q. And the vote authorizing these bonds was rescinded at the same time that the vote was passed authorizing the issue of the sterling loan? Have you seen that vote,—that last vote?

A. Yes, I have.

Mr. THOMAS. I should like that, Mr. Parker, if you have that here, rescinding the pledge?

Mr. THOMAS [Reading from the records]. "February 25, 1874. That at this time bonds to the amount of \$500,000, of the amount of bonds authorized by vote of the stockholders, February 3, 1873, to be issued, payable at the office of the company in fifteen years from the date thereof, at the rate of seven per cent. per annum, and that they be disposed of under the direction of the finance committee, be, and the same is hereby repealed, and that any bonds printed under the above authority be cancelled by the finance committee." That is the vote you referred to, I suppose?

A. Yes, that refers to these bonds; but they were not cancelled by the finance committee; they were not mutilated, as they should have been.

Q. Now let us follow that; when was it this book came into your possession?

A. The day that I have mentioned; Mr. Haven gave it to me the day that I asked for it.

- Q. Is there anything else in respect to this book?
- A. No, sir.
- Q. And that was all you had to say at that time?
- A. Yes.
- Q. And you carried the book to your office?
- A. Yes.
- Q. Had Mr. Haven's name been cancelled at that time?
- A. It had not; he cancelled it there, at my suggestion, before I removed the bonds.
- Q. The name, then, had not been cancelled when you first saw them?
- A. No, sir.
- Q. But there was this indorsement on the wrapper: "These bonds are worthless," and something else you don't recall?
- A. Yes.
- Q. You took the book away.
- A. Yes.
- Q. But before taking it away, did he cause his name to be erased?
- A. He did, sir; at my suggestion.
- Q. That occupied, of course, some time?
- A. Yes.
- Q. And then you took the book home?
- A. Took it to the treasurer.
- Q. When I say home, I mean that you have had it in your custody ever since. Has there ever been any bond cut out of it?
- A. No, sir.
- Q. So far as you know, then, all these bonds have been issued?
- A. I know they are signed.
- Q. Do you know, while these bonds were there held in pledge, who held them as collateral to that loan? Did the Massachusetts Hospital Life hold them?
- A. No, sir; it was held by Mr. —, as the book was under the charge of Mr. Haven, at the Merchants' Bank.
- Q. The books were left there, and Mr. Haven, as president, had charge of them; but do you know who held them in pledge—who was the trustee?
- A. Mr. Haven.
- Q. He held them for this company, as collateral to that loan?
- A. He held them for the Hooper estate.
- Q. O, let me see about that—the Hooper estate?
- A. I believe Mr. Samuel Hooper was alive at that time; he held them to protect the indorsers of the note which the Eastern Railroad had given to the Massachusetts Hospital Life and Trust Company—Mr. Hooper's indorsement—his own endorsement—and Mr. Benjamin Bates'.
- Q. Mr. Hooper was alive when the vote was passed to rescind them?
- A. Yes.
- Q. But he was not alive when you took this book?
- A. No, sir.
- Q. Now, Mr. Lawrence—Gen. Lawrence—is there anything further

in respect to this book that you know of; won't you state the whole, as if I had asked particularly?

A. I know nothing further, except that I have had it mutilated, agreeably to the vote of the directors.

Q. There was a vote of the directors, then?

A. Yes.

Q. When was that passed?

A. At the last meeting of the board.

Q. When was that? About when? Within a month?

A. O, it is within a week; I am sorry I cannot remember the day.

Q. Now, to pass to the next book, sir. When did you first know about the next book?

A. I knew about it at the same time I did about the other,—the two books together.

Q. Yes; and, as I understand you, you sent Mr. Parker to Mr. Lothrop's office, and there saw this young gentleman, whose name you have mentioned, but didn't get the book?

A. Yes.

Q. What further did you do about it, after that?

A. I then went myself.

Q. Whom did you see? What was done? Just tell me the story in your own way.

A. I saw Mr. Vanderlip. He said that Mr. Lothrop was absent in Europe, and that he would not deliver the book without authority from him.

Q. Was that all he said to you? Did he tell you any instructions Mr. Lothrop gave him about it?

A. He said that Mr. Lothrop had said that the bonds were held as a pledge, for a security for himself, as one of the co-promisors of a note for \$50,000, held by the Newburyport Savings Bank.

Q. Yes; left with him as a pledge?

A. Yes.

Q. Well, whose note was that?

A. The Eastern Railroad's note.

Q. He indorser?

A. Co-promisor.

Q. Yes; beg your pardon—you have stated that. Whereupon, what further was said, and what did you do about it, if anything?

A. Nothing was done further at that time. I afterwards called on Mr. Bishop at the same office.

Q. Did you get a sight of the book?

A. No, sir. I ascertained that the book was not in the office, but had been placed in a safe somewhere in the vicinity, for protection, so that the bonds could not be torn out of it,—being considered a better place than the place it had formerly occupied in the office.

Q. Yes.

A. Mr. Bishop refused to deliver the book till he could get authority from Mr. Lothrop to deliver it. I told him that, at a meeting of the creditors of the road, the statement had been made that such a book was

in existence; that it was supposed to be an overissue of the bonds of the road, and only trouble could arise from such a statement going abroad to the public; because if one bond was overissued, no one knew how many, and I was anxious to get possession of the book, so I could say there were no bonds out overissued. I offered to pay the expense of telegraphing to Mr. Lothrop, and he said he would telegraph. I afterwards called upon him. He said he had not telegraphed, but concluded to write. He said he found he could not express in a telegram what he wanted to, fully enough. I called upon Mr. Bishop quite a number of times, and finally sent other parties.

Q. Whom did you send, for one?

A. Mr. Lincoln, of Ives & Lincoln.

Q. O, counsel?

A. Counsel for the road.

Q. What happened finally? You have got the book now? Did any letter come back from Mr. Lothrop? Just tell us.

A. They received letters from Mr. Lothrop.

Q. What were you told he said?

A. He would not inform me about the contents of the letters; but I gathered, from his intimations, that Mr. Lothrop had left the matter at his discretion.

Q. Mr. Bishop's discretion?

A. Yes. I might state one thing which I omitted; which was, that Mr. Vanderlip thought first that he would deliver the book to Mr. Parker, if Mr. Wooldredge was willing. A telegram was sent to San Francisco to Mr. Wooldredge. He replied, "Deliver the book." But that didn't bring the book at that time.

Q. The book was finally delivered to you. Well, there was nothing further, then, in that communication, so far as you learned the import of it, than that it was left in the discretion of Mr. Bishop to deliver it, or not?

A. Yes.

Q. And did Mr. Bishop deliver it?

A. He did, finally.

Q. After the telegram from Mr. Wooldredge?

A. That was long before.

Q. Then, he didn't deliver it on that, till he got the order from Mr. Lothrop?

A. Yes.

Q. How did you find that? Was it cancelled at all?

A. No, sir.

Q. Let me understand. If the sterling loan was made, and this was outstanding, there would have been an overissue of \$50,000?

A. I take it so.

Q. And the idea was, I suppose, that these were to be cancelled?

A. Yes.

Q. Well, now, can you explain this: If these were pledged for these different loans, of which you have spoken, as you say they were, and the understanding was that they were to be recalled and cancelled, how did

it come about that a part of the sterling loan was not put in their place as collateral?

A. Because something else was put in their place.

Q. Do you know about—give us the best information you have—do you know about when they were pledged? About the time of this vote?

A. So I understand.

Q. Well, somebody held,—Mr. Hooper, or somebody else,—collateral security for that indorsement at the Life Company's, in place of that; and somebody else had some, in place of this book, for \$50,000?

A. I don't know whether anything was ever substituted in the place of that book—for that book which Mr. Lothrop held. I don't know about that.

Q. That is what I want to know.

A. I do not know about that; I have been informed that there were 201 of the Conway bonds placed at the Merchants' Bank.

Q. Is that all you know about these books?

A. That is all, sir; except that they have both been mutilated by me.

Q. It was entire when you first saw it?

A. Yes.

Q. And the cancellation has been made by you, or under your direction?

A. Yes.

Q. Since it was delivered to you?

A. Yes.

Q. Well, do you know, or have you any information which leads you to believe, that there has been any other overissue than these books of bonds of the Eastern Railroad?

A. I have.

Q. You have; just tell us the whole of it?

Mr. SHATTUCK. What was that?

Q. Do you know, or have you any information which leads you to believe, that there is any, or has been at any time, any other overissue of bonds than these books? and he says there is. Please tell us all.

A. I discovered, last Saturday evening, an overissue of \$30,000, of the Portsmouth, Great Falls & Conway bonds.

Q. Tell us the whole you know about it?

A. That is the whole I know of it. I discovered the fact.

Q. Do you know where they are?

A. I do.

Q. Where are they?

A. In the possession of— I presume I do know.

Q. Well, give us the best information you have.

A. In the possession of George L. Treadwell, of Portsmouth.

Q. For what?

A. They are held, I understand, as collateral, or, rather, as a pledge, or something in connection with the Portsmouth & Dover Railroad. I am not clearly informed as to what the nature of the pledge is.

Q. Mr. Lawrence, I beg you to understand, of course the chairman

would not expect that you would testify to facts within your absolute knowledge, as you would if in a court. There is a more liberal rule here. When were they pledged? Have you seen Mr. Treadwell?

A. I have.

Q. When were they pledged?

A. I only discovered this thing last Saturday evening, and I have not had time to look into it.

Q. How many bonds ought there to be?

A. There should be \$1,000,000 worth of bonds; \$1,033,000 have been issued.

Q. And you don't know exactly what this was pledged for, nor when, do you—this \$33,000?

A. The Portsmouth & Dover Railroad transferred to the Eastern Railroad 750 shares of stock. When— I cannot give the full particulars; I should only mix it up.

Q. About when, as near as you can remember?

A. I don't know anything about it to answer it. I know there was a transaction of something of this nature

Q. Mr. Lawrence, if you don't know, or think you cannot answer, I think it would be more satisfactory to the Committee—I know it would to me—if we pass from that, and you testify about it at a future meeting.

A. I should like to say, before leaving this subject, that I am satisfied that the issue was a mistake, quite an unintentional one; and that the bonds—the property—is likely to return to the company next month.

Q. Likely to return?

A. Yes.

Q. Now, do you know of any other than that?

A. I do not.

Q. I speak very broadly—whether or not you have any reason to believe that there is any other?

A. I have no reason to believe that there is.

Q. Are there any extra blanks ever made for any of these bonds?

A. Yes.

Q. Are there any in existence now?

A. Several millions of dollars worth.

Q. What, of the sterling bonds?

A. Bonds of various kinds.

Q. Like these?

A. In the nature of bonds.

Q. So that it would be necessary only for the treasurer to sign them, and the president to countersign them, for the finance committee?

A. For the officers to sign them?

Q. Yes.

A. Yes.

Q. I am not well informed on this. I supposed that there were no more printed than the absolute requirement; isn't that so? Are there extra ones usually printed?

Mr. SHATTUCK. A little leeway is always allowed.

Q. Is that so?

- A. Yes.
- Q. Are these all within the control of the treasurer?
- A. Yes.
- Q. And not one of them has been filled up, to your knowledge?
- A. I have been investigating that matter for some time, and I am not able to find that any have been improperly issued, except the \$33,000.
- Q. Was this investigation, when you discovered these bonds were out, the same investigation that was spoken of by Mr. Cummings the other day, or a subsequent one?
- A. I do not know of but one.
- Q. Mr. Cummings testified here, if I recollect, the other night, that there was a committee to look into the affairs of the company?
- A. Appointed in August last?
- Q. I think so.
- A. I was a member of that committee.
- Q. He was on the committee, you were on the committee, and some other person. Was it on that examination?
- A. Yes.
- Q. Did Mr. Cummings know of it?
- A. No, sir; I think not.
- Q. Then he never, from any announcement he made, made such a discovery?
- A. Not that I know of.
- Q. If he had, he would have mentioned it to you, wouldn't he?
- A. Yes.
- Q. How much time did Mr. Cummings spend, personally, in the investigation of which you spoke?
- A. I could not tell how much time he spent before I arrived at home. I was in New York when the committee was appointed.
- Q. You didn't remain away long, did you?
- A. I think four or five days.
- Q. And then did he come there?
- A. Afterwards?
- Q. Yes.
- A. Perhaps once a day.
- Q. How long did he stay, when he came?
- A. The first three days, I think, he was there from two to three hours.
- Q. Who did the investigating?
- A. After that he came about once a day, and spent ten or twenty minutes.
- Q. Who did the investigating; did he, or you, or anybody else—the practical work?
- A. Mr. Williams and myself.
- Q. Did Mr. Cummings, in point of truth, have much to do about it, so far as you know?
- A. You are asking some pretty hard questions.
- Q. Why not, if it is perfectly true. You and I are working together, and you know whether you did more or less than I do. Tell it just as it was.

A. Well, we were working from morning to night, and Mr. Cummings worked twenty minutes a day.

Q. Is that about the way it was?

A. Yes.

Q. Now, did you or not,—there is no occasion to be at all modest about it,—did you, or not, do the work?

A. Mr. Williams helped me; Mr. Cummings did some.

Q. How much emphasis do you give that word "some"?

A. Well—

Mr. WILLIAMS. He has stated pretty fully.

Mr. THOMAS. Yes; I believe he has.

Mr. WILLIAMS. Before you leave the matter of bonds, I want to ask one question: What was the issue authorized by the vote of the stockholders at the meeting February 23?

A. Of bonds? I didn't get your question exactly.

Q. What was the amount of the issue of bonds authorized by the stockholders in February, 1873?

A. Do you refer to the bonds represented by the books?

Q. Yes.

A. Five hundred thousand dollars.

Q. Was that the whole authorized then?

A. That is all, sir.

Q. These two books represent the whole of the issue authorized at that time?

A. Yes.

Q. The sterling loan you speak of was, how much?

A. I think it was equivalent to \$3,000,000; £400,000 sterling.

Q. That was authorized by the legislature of 1874?

A. Yes.

Mr. THOMAS. I understand, if the chairman will allow me, that the vote of the stockholders had been passed, authorizing, as they supposed that sterling loan. I understand that measures had been taken to put that loan upon the English market. That the Barings had referred the Eastern Railroad, or Mr. Lothrop, to their counsel, Mr. Francis E. Parker; that, in the meantime, Mr. Francis E. Parker, a very clever lawyer, as you know, had examined into the matter, and he found that, whereas the statute requires that such a loan must be made by a vote of the stockholders, at a meeting called for that purpose—

Mr. WILLIAMS. I remember the circumstances, because I was here on that committee.

Mr. THOMAS. —That it was found by Mr. Parker, and reported, that that vote was not good for anything; and they came to you,—the legislature,—to authorize the loan, which you did. Mr. Parker found that Mr. Lothrop had overlooked that important provision.

Mr. WILLIAMS. The amount intended to issue in February, 1873, was the \$3,000,000, wasn't it? Two or three millions?

A. I don't know that I can answer.

Q. (By Mr. THOMAS.) The amount intended to issue at the meeting.

A. The amount of the sterling loan was £400,000 sterling.

Q. (By Mr. WILLIAMS.) In February, 1873, you did intend to issue that same amount, didn't you?

A. I think not.

Q. (By Mr. THOMAS.) One word more, before we pass from this examination that was made there: What was the purpose of this examination?

A. The vote was passed during my absence, and when I got home I was informed that I had been appointed a member of the committee. I went to the depot and found Mr. Cummings and Mr. Williams at work examining the vouchers held by the company for the payment of the bills,—auditing, as they are so called. I asked for the nature of the business which the committee were appointed to perform, and they said that we were appointed to examine the affairs of the railroad, and see if we could suggest any change by which the affairs of the road could be more properly conducted, and also to ascertain the condition of the road. I didn't understand that the business—

Q. You were not present yourself?

A. I did not understand that the business was,—that is, entirely,—of the nature of an investigation.

Q. To what point did you direct your inquiry?

A. We devoted the first two days following out what they were attempting to do. I asked Mr. Williams what plan they had laid out. He said they had no plan, but Mr. Cummings thought that the best plan to examine, was to commence and examine the vouchers. I asked him what they were looking after. He said they were looking to find out how much had been paid to lawyers.

Q. Who said that?

A. Mr. Williams.

Q. Paid lawyers?

A. Yes.

Q. Was that the purpose of this inquiry?

Mr. WILLIAMS. Mr. Williams, of Salem, I believe that was.

Q. Was that the purpose of the inquiry?

A. They said they were looking to see how much was paid for the officers of the road, in the shape of hotel-bills and hack-hire.

Q. Before we pass from that, did Mr. Cummings ever ask for pay for his investigation? Just tell us the truth about it, right out.

A. I suppose I have got to answer all these questions. After we had been at work something like a fortnight or three weeks, the subject of pay for services was brought up,—introduced in some way, I do not know how,—and I said, "Why, how is a director to be paid for any such service?" Mr. Cummings made the remark that the Boston & Albany had always paid for such work, and of course we would get paid for it. I told him I didn't see it; I didn't see how a director of the Eastern road could get any pay for his services; his services were supposed to be gratuitous. He said he should see about that, and we dropped the subject. I do not know that the subject was ever adverted to but two or three times afterwards, when the matter was discussed a little; but two

of us always came to the conclusion that there was no chance for any pay.

Q. What did Mr. Cummings say, if anything, about the pay; what pay did he want? He wanted to see about the lawyers' bills; what did he say about his?

A. He seemed to think the committee was entitled to pay.

Q. He wanted his?

A. He wanted pay.

Q. Do you mean this Committee shall understand that this investigation was—not solely, but even chiefly—for the purpose of finding out what lawyers' bills had been paid to lawyers?

A. No, sir; I found them examining these vouchers, and I wanted to help; I asked what they were doing; he said they were ascertaining how much had been paid to lawyers, and how much for the officers of the road in the shape of hack-hire and hotel-bills.

Q. Just let me know,—was there hostility at that time between the president and Mr. Cummings?

A. Yes; fearful.

Q. Just tell us whether this was the real point of inquiry,—Mr. Wooldredge, or whether it was to ascertain whether the road could or could not be conducted more prudently and economically, and better for the stockholders? Which was it, so far as you saw of Mr. Cummings?

A. I think that Mr. Cummings wanted to get at the real fact. No doubt of it. I thought, sometimes, when we discovered some little fact that perhaps reflected a little on Mr. Wooldredge, that when we did discover a fact of any kind, he would take it into the president's room, and always, when he first returned, he would say he had given Mr. Wooldredge fits. I would presume—

Q. What great thing did you discover that would help the road?

A. During that investigation?

Q. Would help the road.

A. A great many things. I will state that, after examining these vouchers for that day and a part of the next, I asked Mr. Williams what possible good it would do to examine these vouchers. I didn't see what conclusion could be arrived at, to amount to anything. It didn't seem to me to be the proper way to make an examination into the affairs of a railroad. In fact, I will own I was a little disgusted at that way of making the examination; and I said to Mr. Williams, at the close of the second day's examination, that I thought it was a waste of time, and it certainly was a great mixing up of the vouchers of the company. I didn't see how they could straighten out the vouchers for weeks, after the manner in which they were handled. I suggested that we both think over during the night, by ourselves, a plan for conducting the investigation. The next morning I mentioned to Mr. Williams the plan that I had; he said it agreed very much with his opinions, and then we commenced the investigation according to the plan laid down, and carried through the investigation on that plan.

Mr. THOMAS. Mr. Haven has suggested to me that before the meeting

closes to-night, he should like to make a statement, in justice to himself, about this book [referring to the book of bonds].

Mr. WILLIAMS. The committee would be glad to hear any statement from Mr. Haven.

Q. (By Mr. THOMAS.) Mr. Haven, have you any explanation to make? any statement to make, perhaps, with reference to this book? I think I have not inquired of you about it? If you have any statement to make, I wish you would make it.

A. The book of bonds which has been referred to was left by the treasurer of the Eastern Railroad at the Merchants' Bank, for the purpose of putting my signature on the book of bonds. The bonds were printed under a vote of the stockholders in 1873; the bonds were accordingly printed according to that vote; I took one book, and Mr. Lothrop the other book, and perhaps they were exchanged. Mr. Lothrop had, at his office, one of these books, and I had the other. Then the book of bonds was left as collateral security for the guarantors of a note of the Hospital Life Insurance Company,—a note which was given to that company after the Revere accident in 1871. When it was ascertained that the negotiation could be made with the Barings, and then ascertained from Mr. Parker, to whom you referred as the counsel of the Barings, that the vote of the stockholders was not properly passed, because no notice was given in the call of the meeting of the stockholders touching the issue of the bonds; then a special meeting was called at the instance of Mr. Parker, the counsel, and proper authority given for the issue of the sterling bonds. These two books,—one in the possession of the Merchants' Bank, and held as collateral for the Hospital note,—and the other book—I don't know where it was, but I subsequently learned it was with Mr. Lothrop,—of course became worthless. I, myself, put a paper on the book stating, "These bonds are worthless, sterling bonds having been issued in their place," and I was ready at any time to deliver them up, and see that they were properly cancelled, on the order of the treasurer or president of the railroad. They were not good for anything then, as collateral security, and in place of them \$201,000 of the bonds of the Portsmouth, Great Falls & Conway Railroad were placed in my possession—in the possession of the bank—as security for the guarantors of the note of the Hospital Life Company.

Q. Do you hold these now?

A. Yes; they are held by the executors of the estate of Mr. Hooper.

Q. Then you don't hold them?

A. They are held subject to the order of the executors.

Q. You were not trustee in the case?

A. No, sir; I think the trustee is the cashier of the bank; but he holds them subject to the order of the trustees of the estate, and will, at any moment, deliver them.

Q. Now, before we quit this, as we are on it, you know how about this other book having been pledged on a loan for \$50,000, as testified?

A. No, sir.

Q. Did you ever hear of it?

A. Yes; Mr. Lawrence spoke to me. One day, meeting him at the

custom-house, I asked him what the story was about an overissue of bonds, for I had only heard of it that day; and he told me about the book at Mr. Lothrop's office, and I told him about the book at my office.

Mr. THOMAS. If the Committee will allow me one word more. Mr. Parker would like to explain about the \$33,000; it will take but a minute. I thought it would be but fair to have it recorded.

Mr. WILLIAMS. It is already stated by Gen. Lawrence that it was an accident, and the Committee would assume that.

Mr. HAVEN. One word I would say in addition to what I have said: that there was authority given,—a vote passed by the directors, I think, in July, 1874,—which authorized the pledging of the securities belonging to the Eastern Railroad as collateral for any of its notes or loans, and we confirmed this transaction,—the holding of bonds for Mr. Hooper and others.

Mr. WILLIAMS. It is already stated, with regard to the issue of those other bonds, that it was accidental, and the Committee would certainly assume that to be the fact.

Adjourned to Tuesday evening, at 6.30.

EIGHTH HEARING.

RAILROAD COMMITTEE, STATE HOUSE, BOSTON, }
TUESDAY, March 21, 1876. }

The Committee met at 6.30 P. M. Mr. WILLIAMS in the chair.

TESTIMONY OF MR. HENRY L. WILLIAMS.

Q. (By Mr. THOMAS.) Your full name, Mr. Williams?

A. Henry Lawrence Williams.

Q. When were you elected a director in the Eastern Railroad, for the first time?

A. In July, 1860.

Q. And you have been a director ever since; when did you cease to be a director?

A. I was reelected annually, until the very last election.

Q. While such a director, did you attend the meetings of the directors pretty regularly?

A. I did, sir.

Q. Did you also give attention to the management of the road?

A. I did, sir. I gave my attention to the road as fully as I could, and I suppose, for many years, I spent almost all my time there.

Q. When did you first know of the purchase of Maine Central stock by anybody connected with the Eastern Railroad, for or on behalf of the Eastern road?

A. The first of my knowing of any person connected with the Eastern road buying any Maine Central was, I think, in 1873. In the spring, Mr. Lothrop asked me if I wanted to buy some of the stock, and I told him I did not know, at that time, whether I did or not; I did not know whether it would be convenient for me to buy it, on my own account, then. Subsequently, I went to him, and told him that I would take some. He said he would let me have 139 shares.

Q. At what price?

A. At \$55; and I bought them of him, and paid him money for it—my own money.

Q. At the time, did you, or not, know where he procured them?

A. No, sir.

Q. Didn't tell you where he got them, or the price he paid for them?

A. No, sir.

Q. What was the time when you made the purchase?

A. I think it was in the spring of 1878—I think in March.

Q. Did he assign any reason for that purchase—that it would let you make a profit?

A. I do not know as he did.

Q. You bought it as an investment, just as you would have done if you had not been a director in the Eastern road?

A. Yes, sir.

Q. Put your money into it as an investment?

A. I did that; I thought it would be of value to me, as a good investment.

Q. When was the next time when you heard anything about the purchase of any stock of the Maine Central.

A. Well, I can't speak of any particular time; I did not know of any purchase to speak of, except that individuals bought it, as I suppose; I thought all the time it was individuals buying; I did not know it was anything connected with the Eastern road.

Q. Did not know of it until when?

A. Until 1874, I think.

Q. What time in 1874?

A. I should think it might be in the fall of 1874.

Q. From whom did you learn what you did learn then?

A. I don't remember from whom I learned it—from what gentlemen I got the information; my impression was, that the stock that had been bought was for the advantage of the road in some respect or other, but not as the property of the road, until the vote finally was made, which was in May; that was the first definite knowledge I had.

Q. If I remember rightly, the vote was in May, 1875?

A. Yes, sir.

Q. And you mean this Committee shall understand that you didn't know that it was at that time the property of the Eastern Railroad?

A. Yes, sir.

Q. Now, let me see if I understand you. You had understood that it was bought up by individuals and friends of the Eastern Railroad, but still was to be the property of the individuals who bought it?

A. Yes, sir.

Q. Did you learn to the contrary, for the first time, when that vote was presented?

A. I think I did.

Q. Perhaps you hadn't any conversation with the other directors about it, until then?

A. No, sir.

Q. They didn't disclose that they bought it for the road?

A. No, sir. If I can be permitted to— Mr. Haven stated that he would like to see me; and I went to his office, and he asked me if I had ever offered a certain vote, and I told him no; I had no recollection of doing so.

Q. What time was that?

A. In October.

Q. Eighteen hundred and seventy-five?

A. Yes, sir; he asked me to think about it, and I thought it over very carefully; but I could not call it to my mind. I have thought of it repeatedly, since, so much has been said, and I think there was a vote offered—but at what time, I do not remember—that was drawn in the handwriting of William G Russell; and when I saw the record and the vote, I was perfectly satisfied in my own mind that I did offer the vote, because I have been associated with Mr. Parker for fifteen years, and I never knew him to falsify a record.

Q. I do not know as you have attended these hearings, nor do I know that anybody has imputed to Mr. Parker a falsification of the records, but perhaps it may be true that Mr. Parker saw the vote upon his table afterwards, and supposing it had been adopted or passed, recorded it as passed.

A. That vote, as it has been said,—I have seen by the testimony since that was offered,—was passed to me by Mr. Wooldredge. He sat at the end of the table,—the head of the table,—Mr. Haven sat in precisely the position he sits there now [pointing to the attorney's table], Nathaniel Hooper sat near, I sat here, and I think Mr. Bates sat opposite, and Mr. Lawrence sat where Mr. Wooldredge is sitting, and I think Mr. Cummings sat there [pointing].

Q. Was Mr. Stevens at the meeting?

A. I am not sure whether he was or not. I have endeavored to call it to my mind, because I look upon it as an important matter. There seemed to be some inquiry on that point, and I endeavored to satisfy myself whether I read that vote; but I cannot swear whether I did or did not.

Q. Your own recollection, independent of what you know of Mr. Parker, would be that you didn't offer it?

A. No, sir; I don't say that.

Q. As it is, your recollection is that you could not say whether you did or not?

A. Yes, sir; my mind is in doubt, and I cannot say whether I did or did not.

Q. What is perhaps of more consequence to the inquiry, did you know, when you offered that vote, how much stock had been bought by these gentlemen connected with the Eastern road, the purchase of which you were then to ratify, and at what price?

A. No, sir.

Q. Well, then, did you mean to sanction that vote, without knowing what that vote implied fully?

A. I meant to sanction the doings of the finance committee. If they had taken any action which they deemed for the interest of the road, I was ready to sanction it. Those gentlemen I had been associated with, and I had confidence in them, and I supposed they had done it for the interest of the road.

Q. You supposed it had been done by the finance committee?

A. Yes, sir; I supposed it had, by that vote.

Q. You did not know, then, the extent of the purchase?

A. No, sir.

Q. The price or the extent?

A. No, sir.

Q. Who asked you to present that vote?

A. I cannot remember that fact in regard to it.

Q. The conversation with Mr. Haven was some months after that vote was passed?

A. Yes, sir; six months after.

Q. Previously or subsequently, had you anything to do with the purchase?

A. No, sir.

Q. And the stock that you bought for yourself—did you transfer it to the road?

A. No, sir; it never has become the property of the road.

Q. Never?

A. No, sir; not to my knowledge.

Q. Except you, as friends of the road, have used it for their interest and your own interest?

A. Yes, sir.

Q. Did you know anything about the negotiations of the Portsmouth, Great Falls & Conway bonds?

A. No, sir. I never had anything to do with them.

Q. Never sold any?

A. No, sir.

Q. Never bought any?

A. No, sir.

Q. Did you know about the loan which was put into the market and which was sold to Richardson, Hill & Co.?

A. No, sir; except that it was brought up at the board.

Q. Had you any agency in the sale?

A. No, sir; nothing to do with the sale. At the board, I think, I may have voted—must have voted—that the president be authorized to take such steps to dispose of it as he deemed might be for the interest of the road.

Q. Whether he did dispose of it as it best could be, or not?

A. I presume he did. I have no knowledge.

Q. Do you remember, at the time of this vote of confirmation, what the fair market price of the Maine Central stock was?

A. May 10, 1875?

Q. Yes, sir.

A. I don't know, sir; my impression is it might be about \$55 or \$60. I don't think it varied much from that; but I can't say from knowledge.

Q. Can you tell us about what the fair market price is now?

A. There is none offered for sale in the market.

Q. How low have you known any to be sold?

A. There were some sold, I think, for \$50; that is as low as I have known it to be sold.

Q. When was that?

A. In 1873.

Q. Do you know anything about the negotiations for the purchase of this stock of Judge Rice?

A. No, sir.

Q. Had you anything to do with the negotiation with Judge Rice, with respect to the terminal facilities here?

A. I had communication with him; yes, sir; but not officially. I had conversation with him. He came up, as one of the committee of the Maine Central road, to Boston. Perhaps I had better go back a little. When the contract was made with the Maine Central road for business, it was stated that they could not give us the business, unless we could give them terminal facilities in the city proper; that was one of the conditions.

Q. Had you any agency in making the contract which is spoken of in the report of 1873?

A. Nothing more than to vote for it. The statement was then, that, within two years, we must have terminal facilities in Boston for the Maine Central business. That was in 1871, and I immediately looked about to see if there was any way by which I could bring our business from East Boston across, and I took steps to ascertain what the price of property—wharf property—was. Constitution Wharf could be secured for a transfer of our cars across, upon boats, the same as the Erie road does, taking the freight over from East Boston to the wharves,—the Constitution and Battery wharves,—and then the Marginal road would take it to any part of the city. That matter progressed, and there was a committee appointed, upon which Mr. Haven and Mr. Hooper were members, to see what could be done, and a real estate broker was employed, Mr. Elbridge, who endeavored to ascertain the prices of the wharves. I had our bridge man, who constructs our bridges, go and examine both the wharves, and see the condition of them, and what it would cost to put them in proper shape for the business. Our engineer came up and surveyed, and looked it over. The price to be given for it was \$275,000; and I thought, by buying that wharf (Battery), we could employ boats for our work. There was a gentleman who was ready to take all our boats across with his tug-boats, when we could then enter Boston proper with our freight, and it would be a practical way, and the cost would not be large.

Q. You were in favor of that plan?

A. I was, sir.

Q. Afterwards, did you change your mind?

A. Judge Rice went down, as one of the committee, to examine the property, and to look around, and thought it was a very nice place, but not large enough. His idea was, that they were to bring us an immense amount of freight over the Eastern road, and that we must provide large accommodations.

Q. And that plan was abandoned?

A. Yes, sir.

Q. So far as you know, whether the reason was that it was not deemed sufficient?

A. Yes, sir, that was the reason; and then other places were examined

by the Eastern Railroad, over by the bridge, and finally got around to Charlestown.

Q. Well, in the purchase of this Battery Wharf property, had anything to be done with the Marginal Railway?

A. Nothing more than the rails were on the street.

Q. Was any part of the negotiation with Mr. Crane?

A. No, sir; he knew nothing about it.

Q. Did you, in the course of it, consult Mr. Hooper and Mr. Lothrop,—that is, in this Battery Wharf negotiation?

A. Certainly, sir; the matter was before the board, and a committee were considering it, and Mr. Hooper and Mr. Haven were appointed a committee on the purchase.

Q. Was it abandoned through a misunderstanding of Mr. Hooper and Mr. Crane, or because it was insufficient?

A. Not with any misunderstanding, that I knew of.

Q. Well, then, did you have anything to do with the purchase of lands in Charlestown?

A. No, sir.

Q. Neither the mill-pond lands nor the Austin Street property?

A. No, sir; I was not in favor of the purchase of the mill-pond property; it had been up some years before, and I had opposed it, and I think Mr. Haven did also; but when we found there was no other place we could get,—no other spot about Boston which would accommodate so large an amount of business which would come over that road,—it made a difference in my opinion.

Q. Did you ever have anything to do with paying for it?

A. No, sir; I was not on that committee.

Q. Now we are on this question of property, did you have anything to do with the property at Bar Harbor?

A. No, sir; I never knew we owned it.

Q. Never knew you owned it?

A. Never knew we owned it, until it came out.

Q. Don't know who bought it?

A. No, sir; I knew it was often said that we ought to have some facilities for our steamboats there, for the line that the road owned stock in.

Q. Did you have anything to do with the purchase of the wharf at Wollborough?

A. No, sir.

Q. It is leased to the Boston & Maine, isn't it?

A. No, sir; I don't know that it is.

Q. Have you given it your attention, so that you know anything about it, as a piece of property?

A. No, sir; I have not.

Q. Now, to go back a little. Had you anything to do with the purchase of land at Lynn,—\$216,000 worth of land?

A. I had nothing to do with the purchase of it.

Q. Have you sufficient knowledge to state why that purchase was made at that price?

A. Many years ago, in 1869 or 1870, there was an old wooden station at Lynn, where the present station is, and there were great complaints by the people that it wasn't a sufficient and proper station for a city like Lynn, and that something ought to be done about it. The matter was talked over a considerable time, and a great deal of feeling was gotten up in Lynn, and the city seemed to be divided, and they got up a scheme for a railroad to go to Boston, which was defeated in the legislature. The matter was talked of by the board of directors. I think that was in 1871; and one morning the whole board, with the exception of Mr. Hooper, went down in a special train, and examined the place that had been offered to the road.

Q. Did you go down specially to examine this property?

A. We went down to examine several places.

Q. Well, the report states, in November, 1871, you bought this land of the heirs of John Alley, 3d,—a piece of land on the south side of the bridge, near Market Street, in Lynn,—for \$216,000, valued by the assessors and taxed in 1870 for \$4,500, and since taxed for \$20,000.

A. Yes, sir; and there was a piece of land, near West Lynn, that was offered to the company, belonging to a Mr. Rogers,—a large field then. I think the name was Rogers. There was a piece belonging to the heirs, and there was another piece belonging to Mr. James M. Buffum. We examined all of these, and the station where the present depot is, we then purchased for a freight and passenger station.

Q. Did you inquire what this property was taxed for?

A. No, sir.

Q. Did you ever know, until this report of Gen. Lawrence, that it was taxed for only \$4,500, and yet you gave \$216,000?

A. We didn't give \$216,000 for it. There were two pieces.

Q. Yes; but the property bought cost \$216,000? Whether it was one or two pieces, state whether you ever inquired about its value?

A. No, sir.

Q. Who made the bargain?

A. Mr. Hooper.

Q. And fixed the price, as between him and the owners?

A. I don't know how it was done.

Q. You relied upon Mr. Hooper?

A. Certainly, sir; he was a committee to do it.

Q. Then, after that, there was a station erected, at a cost of \$55,000; did you know about it.

A. Yes, sir.

Q. Had you anything to do with it, personally?

A. No, sir; except to vote.

Q. Nothing more?

A. No, sir.

Q. Then, it is said, "Unfortunately, in 1873, by order of the president, the station building, valued at \$55,000, was demolished."

A. Yes, sir.

Q. And, "the *débris* sold for \$1,500." Do you know anything about that?

A. No, sir; I had nothing to do with it.

Q. Why was it demolished?

A. I can only state my information. Mr. Lothrop and Mr. Stevens were made a committee on the station at Lynn, to take such action as they deemed best. There had been, previously, petitions for trains to stop there; but it was thought very inconvenient to have two stopping-places in Lynn, and some of the directors thought we had better not have two stations, and I suppose this committee acted in the matter according to the opinion of the board. At the meeting on Causeway Street,—at which meeting there was present most of the directors; Mr. Lothrop sat at the head of the table, Mr. Jones on one side, myself on the other side, and I think Mr. Wooldredge was present,—Mr. Lothrop said he should tear down the depot at Lynn. Well, I asked him what he was going to take that depot down for; it was a new structure, and I couldn't conceive why he should take it down.

Q. Couldn't it have been used for something else?

A. Yes, sir; it could have been used for a freight-station, taking away the platform, and making a few changes.

Q. Couldn't it have been sold for some other purpose,—for a shoe manufactory, or something of the kind?

A. Yes, sir; certainly; I suppose it could. I was very much surprised at what Mr. Lothrop said, and expressed my surprise. Subsequently, I went to Mr. Haven, and he told me he wouldn't have anything to do with it. I went to Mr. Stevens, and asked him how it happened that so valuable a structure was to be demolished. It seemed to me an unprecedented thing. He said that he knew nothing about it, and the committee had never approved it.

Q. Who said that?

A. Mr. Stevens; I so understood him.

Q. I understand you, the committee consisted of Mr. Lothrop, Mr. Haven and Mr. Stevens?

A. No, sir; I did not say so. The committee consisted of Mr. Lothrop and Mr. Stevens.

Q. Then, you went to Mr. Haven as a member of the board?

A. Yes, sir.

Q. Now, I understand you, the committee consisted of Mr. Lothrop and Mr. Stevens only?

A. Yes, sir; that is my recollection.

Q. And Mr. Stevens said he knew nothing about it?

A. Yes, sir.

Q. Now, I want to make this plain, as far as you know; if I understand you, this was determined upon by Mr. Lothrop alone?

A. Yes, sir.

Q. And the reasons which brought him to that determination, you do not know?

A. No, sir.

Q. Let me ask this: After that had been determined upon, or done perhaps, I suppose there was a meeting of the directors. As you

deemed it so unusual a proceeding, why didn't you call the attention of the directors to it, and have some explanation ?

A. I think very likely I did.

Q. Not in a formal way ?

A. I might have done so ; but I went to see others about it.

Q. Did the directors, as a board, ever take any action upon it afterwards ?

A. I don't think they did, sir.

Q. What did you suppose, or understand, the purpose of the demolition was ?

A. I supposed it was to get away from having a station there ; if the building remained there, the people would demand that there should be a station there.

Q. Didn't you think it a little extraordinary that the *débris* should be sold so cheap ?

A. I don't know that I thought much about it ?

Q. I suppose you cannot speak, of your own knowledge, what became of it ?

A. No, sir.

Q. Is that all you know about the property in Lynn ?

A. I'm going to state that, in order to get at that depot, it became necessary to buy another piece of land.

Q. In order to get at the depot, to tear it down ?

A. Yes, sir.

Q. Then, it would have been better to have given it away ?

A. No, sir ; there had been a suit in regard to it, and, I think, Gen. Butler was in the case.

Q. For the road ?

A. No, sir ; I think he was adverse to the road.

Q. Well, do I understand that Mr. Lothrop found that the building being there, and the contract being made between the railroad and these parties, that Gen. Butler so alarmed Mr. Lothrop that he sold this property for little or nothing ?

A. No, sir ; but he was obliged to buy this land if he got possession of the station.

Q. When this building was destroyed, what did you do with the site—the land ?

A. It has been used for freight purposes.

Q. Not as a station ?

A. No, sir.

Q. When you had done that, did you find that the people of Lynn, who had before that made some complaint, were better satisfied ?

A. No, sir.

Q. So it didn't work a benefit ?

A. I think, sir, it has been a great injury

Q. It was not your plan ?

A. No, sir

Q. Nor according to your opinion ?

A. My opinion has been, that there should be a central station in Lynn.

Q. Is there any other piece of property—wharf, depot, station lands anywhere—that you have particular knowledge of, belonging to the Eastern road, that you can speak of?

A. There is property in Manchester,—several hundred acres of land there, in Magnolia,—that came to us through a tremendous fire, which went through the woods; and parties owning the property claimed very heavy damages. We went down and looked over the property, and found it better to buy it, than to pay the damages.

Q. Now, is that of value—it could be sold?

A. Yes, sir; I should think fifty acres of it is of a great deal of value for summer residences.

Q. Could it be sold?

A. Yes, sir.

Q. What do you suppose you could realize from it?

A. I should think the road might get a good amount for it.

Q. How many acres did you say there were?

A. I think there is 800 acres. There is a portion that would sell,—perhaps 300 or 400 acres,—some as high as \$10,000; others from \$40,000 to \$50,000.

Q. Were you appointed on the committee to investigate the affairs of the Eastern road, at some time?

A. I was, sir.

Q. Who made the motion for the appointment of the committee?

A. Mr. Cummings offered the vote.

Q. What reason did he assign for it?

A. He thought— He said he thought there had been an uneasiness, as I recollect, in regard to the officers of the road, and he didn't think we knew as well as we should the affairs of the road; and he offered this vote for the purpose of investigating the affairs of the road.

Q. Did he specify any particular thing that he wanted information in respect to?

A. I don't remember now.

Q. At that time, to use a word quite common at this hearing, the credit of the road was quite sensitive?

A. Yes, sir.

Q. Did you, or any other persons, remonstrate about the offering of such a vote?

A. No, sir.

Q. That it would impair the credit?

A. No, sir; I didn't. I thought it was a vote that ought to pass. I thought if the road would not bear examination, it was in a very bad condition.

Q. You knew all about the road?

A. For the last three or four years, I have had little to do with it. The first eleven years, from 1860 to 1871, I suppose one-half of my time was passed on it. After Mr. Lothrop came in, I stepped one side in my active connection with it.

Q. Wasn't there a proposition then, that it would be better to have standing committees of your board upon this subject, instead of a special committee?

A. I don't understand.

Q. At the meeting at which Mr. Cummings proposed this vote, for an investigating committee, wasn't the suggestion made to him that it would be better to have a standing committee do this work?

A. I don't remember.

Q. Did you know, at this time, he had sold his stock?

A. No, sir.

Q. Was anything said, at the close of the meeting, about the proceedings not being reported?

A. I made the remark, myself, that it was an important matter that the investigation of the affairs of the company should be held strictly private among ourselves; I think I used the expression, that we should be as private as freemasons, because I knew there would be damaging facts, at once.

Q. What did Mr. Cummings say?

A. He joined with us, and agreed; and I supposed it would be so.

Q. Do you know that, before he had brought that vote, he had told around that he was going to propose it?

A. No, sir.

Q. That he said that morning he was going to propose it?

A. He came to the meeting with the vote written, and offered it.

Q. Did he tell you he had shown it around?

A. I don't know as he did.

Q. You would be likely to recollect it?

A. I should be, if he told me such a thing as that.

Q. Now, you went on with the investigation?

A. Yes, sir.

Q. And did it privately?

A. Yes, sir.

Q. When did you first find out that your investigation was being made public?

A. I saw it first in the "Boston Herald," to my great astonishment at so full a report.

Q. The reporter appeared to know as much about it as you did?

A. They knew a great deal more than we wanted them to.

Q. Not through your agency?

A. No, sir.

Q. You went on with that investigation, and devoted considerable time to it, personally?

A. Yes, sir.

Q. Mr. Lawrence was there?

A. He was away sick for a while, and went away, but came back and helped us.

Q. Did Mr. Cummings devote much time to it, personally?

A. Not a great deal.

Q. What did he do? By the way, he seemed to be very much inter-

ested in looking for free passes; some one said he was looking for lawyers' bills?

A. Yes, sir; he looked for those.

Q. Lawyers' bills, free passes, etc.—that was what disturbed him. However, go on; you made the investigation. Did you, in the course of it, find that there had been an overissue?

A. No, sir.

Q. Did he discover it?

A. No, sir; not to my knowledge.

Q. Anything said about these books; I spoke of an overissue; I mean what the commissioners spoke of?

A. I don't think he ever mentioned such a thing.

Q. What did he find there, in respect to debts and the property?

A. The first day we commenced the investigation, we sat down together,—Mr. Cummings and myself,—and we took the cash-book and went to work and took off the items,—the notes payable, the interest, etc.; we worked all day, and when I went home at night, it did not strike me we were going to get much good out of it. I thought we ought to have some system.

Q. Mr. Cummings was chairman of the committee?

A. Yes, sir; I prepared a copy of a plan, by which I thought we should make the examination, and I went to work upon it, and carried it out.

Q. And Mr. Lawrence?

A. Mr. Lawrence was with me during the whole of it.

Q. How long did the examination last?

A. We commenced in July, and kept on to September.

Q. How many sessions?

A. Every day.

Q. Did Mr. Cummings make a report?

A. He didn't make any; I went to work, while Mr. Lawrence was sick, and prepared a skeleton of a report, and when Mr. Lawrence came back he said, "I have done the same thing; we compared notes, and put the two together, and the report was written. Mr. Cummings never wrote a line of it.

Q. Didn't he?

A. No, sir.

Q. You investigated the affairs of this road with care with Mr. Lawrence; I suppose Mr. Parker and the clerks helped you. Now, did you discover anything in the conduct of the road, or management, which you deemed irregular, which has not, so far as you know, been disclosed to this Committee?

A. No, sir.

Q. Do you know of anything irregular?

A. No, sir; I don't.

Q. Was the report ever printed?

A. There was an extract from it printed.

Q. That examination was made for the purpose of ascertaining the true condition of this corporation?

A. Yes, sir, and it was conducted as honestly as men could conduct it.

Q. Precisely; you examined what had been done by the officers and the managers?

A. So far as we could ascertain, we did.

Q. Have you since read the report of Mr. Lawrence?

A. I have, sir.

Q. Well, is this report of Mr. Lawrence, so far as you know, based partly, if not chiefly, upon that investigation?

A. It is, to a great extent.

Q. Well, now, what do you say about that report? Is that report of Mr. Lawrence—it is suggested to me to inquire—about as true and faithful a statement of the condition of this road as could be made?

A. I think he has made some mistakes.

Q. Now, tell us what they are.

A. He states in one part of that report, or, rather, one part of his report would give the impression, that the Eastern Railroad never earned anything—never paid any dividends. That is the conclusion which one would draw from what he says.

Q. That is a result, is it not? That is not stated as a fact, is it, but suggested?

A. Yes, sir; I called his attention to it, and he said that he did not mean to put it that way.

Q. Do you think that a committee of experts, familiar with railroad proceedings, and also, at the same time, familiar with books and accounts, if they were to set to work and examine this road faithfully and honestly, could find out any more than you found out?

A. I do not see how it would be possible.

Q. We will go back, now. You said that it was a mistake to give the public to understand that the Eastern had not earned and paid any dividends. How about that?

A. What I mean to say is, that from 1860 or 1861 to 1870 or 1871, that road went on increasing in its business from \$560,000 in 1860 or 1861, to \$1,460,000 in 1871. Its passengers increased from 1,100,000 in 1860 to 3,500,000 in 1871.

Q. Do you mean to give the Committee to understand that Mr. Lawrence, in making that report—of course from some honest and proper reason—rather underestimated the capacity of the road, than overestimated it?

A. I do, in that respect.

Q. Has he, in no respect, overestimated the road?

A. I think he has not overestimated it in a single particular. It was our purpose in our investigation, and he has followed it up here.

Q. Is that report based upon that investigation?

A. I think it is. The idea with us was to get to the bottom of the thing, and make everything appear as bad as we truthfully could.

Q. Your idea, in fact, was to find out the real truth?

A. Yes. Perhaps we colored things a little too strong, and made them out worse than they really were; it was in that way that the property was estimated.

Q. You mean you valued it at a low figure?

A. Yes; so that it should not be said that we were trying to bolster it up in any way.

Q. I understand that this investigation was made by you quite as much as by any other person?

A. I suppose so.

Q. I put it in that way, so that the Committee will understand that, from your knowledge and experience, you are entitled to speak on this subject. Your opinion is formed, is it not, from a personal examination of the affairs of the road?

A. Yes.

Q. Was Mr. Cummings satisfied with that examination?

A. I suppose he was; he signed the report, and he, probably, would not have done that unless he were satisfied.

Q. Did he find any fault about the examination?

A. I think not.

Q. What was the difficulty with Mr. Cummings? What was his complaint? What was the trouble?

A. In what respect?

Q. What made him sell out his stock, and make trouble?

A. I do not know, sir.

Q. Did you know of any misunderstanding—we do not care what, and will ask about it further, or not, just as the Committee may see fit—between him and Mr. Wooldredge?

A. All I know is that there was unpleasant feeling, and some sharp talk between them.

Q. Was it this: Was it that Mr. Wooldredge, by election, was president and captain, and somebody else wanted to be captain of the ship, and not mate?

A. Do you mean to ask me whether or not Mr. Cummings would have liked to be at the head of the road? I think he would have liked it.

Q. I wanted to know what the truth was—what was the real condition of affairs?

Q. (By the CHAIRMAN.) Do you mean to say, Mr. Williams, that he would have liked to be president?

A. Yes, sir.

Q. That he was aspiring to that office, apparently, and planning to get it?

A. I would not go so far as to say that. He seemed to think, however, that if he had charge of the road, he could make things go right.

Q. Did you ever have any conversation with him about it, or know anybody with whom he conversed definitely?

A. No, sir.

Q. He did not confer with you?

A. No, sir.

Q. He did not indicate his plan definitely?

A. No, sir; he would not be likely to do so to me.

Q. (By Mr. THOMAS.) I am sorry that he could not be here himself. You knew that there was a snowstorm last night?

A. Yes.

Q. Were you ever riding in a snowstorm in a sleigh, and going through a narrow path which would just admit one sleigh, and when you were about half-way through the passage, see a man drive up to the other end, and, instead of waiting for you to get through, drive along, and make you back out? What would you think of such a man?

A. I should think he was a very unreasonable man.

Q. Well, does that illustrate what you mean in regard to Mr. Cummings?

A. I think he wanted Mr. Wooldredge to back out. That, I think, would have satisfied him.

Q. You say you knew nothing about putting this loan on the market?

A. Nothing whatever.

Q. And you say you never sold your stock to this corporation?

A. I did not sell it.

Q. Have you investigated the other property owned by the road?

A. I have, to some extent.

Q. You know about what the indebtedness of the road is—about \$15,000,000?

A. Yes.

Q. Are you not a little more alarmed than our friend Mr. Parker was in respect to this action pending with the Boston & Maine, in which it claims about \$481,000 due it for actual outlay on the line of the Portland, Saco & Portsmouth, while you had that contract, and which outlay the Portland, Saco & Portsmouth was to pay, and the liabilities of which corporation you guaranteed? Mr. Parker thinks that the judgment in favor of the Boston & Maine, if any were obtained, would not amount to more than thirty, or forty, or fifty thousand dollars. What is your judgment?

A. Judging from the opinions of persons who have investigated the matter, from their experience, and from the fact that the Boston & Maine Railroad was bound to return the road to the Portland, Saco & Portsmouth stockholders in as good condition as it was when it was received by the Boston & Maine; and from the fact that the account is made up to a considerable extent of matters which had to be put on the road to keep it in good order—

Q. I ask your judgment about what you think?

A. I do not think it would be over \$50,000.

Q. Now let me ask you: In your business, you are familiar with accounts, are you not?

A. Somewhat.

Q. So that you would not be likely to be mistaken about these matters? In your investigation, you would not be misled by the figures of others?

A. No, sir.

Q. Now, what do you think—if you have examined this bill before the legislature—of the ability of this corporation to get on?

A. Well, sir, if you will allow me to take my own course, I will tell you. I do not think, from my knowledge of the road and the business,

as it stands to-day, with an interest such as is provided in that bill, that this road can live two years. I think you have got a system in this State now, which, in my opinion, will kill half the railroads in existence in the Commonwealth. It is running these narrow-guage roads parallel with the old, established roads. They are tapping the roads at every point, and sapping the very life-blood out of these corporations. You are going to destroy the railroads in this way.

Q. That is what alarms you?

A. Partly. I think that takes away the business. That road to Lynn has already taken away \$150,000 in money from the Eastern Railroad, and that is not all; that road will push on further. If you are going to take off \$150,000 here, and more somewhere else, I do not see how the Eastern is to pay interest on \$15,000,000. The road must get the money somewhere, in order to pay the interest.

Q. (By the CHAIRMAN.) Has that road authority to go any farther than it now reaches?

Mr. SHATTUCK. It is organized under a general law.

A. It is under the general law.

The CHAIRMAN. O, yes; it is 36 inches; I was thinking it was a 24-inch road.

Q. (By Mr. THOMAS.) That is what alarms you?

A. I think it is a very alarming thing in this State. It is something which is going to affect railroad property very much.

Q. (By Mr. WILLIAMS.) Putting that aside, will you give us your judgment in respect to the prospect of the road,—assuming that things will remain as they are?

A. I think it is a very close thing. You are running right upon the very edge. If you have an accident of any magnitude,—and there is no railroad which is not liable to have one,—and you have to expend a few hundred thousand dollars, the road cannot pay its interest, and it is gone.

Q. (By Mr. MOSELEY.) You spoke about Mr. Cummings spending very little time at the investigation—what do you call little?

A. He would come in and stop, perhaps, an hour or two in a day, while I spent my whole day there, and stayed sometimes into the evening; and so did Mr. Lawrence.

Q. About what amount of time did he spend in the investigation?

A. I could not tell you.

Q. Somewhere near; would it be an hour a day, at the outside?

A. I do not believe it would be more than an hour a day.

Q. There was something said last night about paying directors who were engaged in the examination. Can you tell us about that?

A. Mr. Cummings said that it was the custom of the Boston & Albany Railroad to pay the directors under such circumstances. I told him that it was not the custom on the Eastern Railroad; I had never received a dollar for such services, and I should neither ask for it, nor take it if offered to me.

Q. Did he give you any idea of how much he wanted?

A. I supposed it was to be the same as on the Boston & Albany Rail-

road; but I was not looking for any such thing. I could not say just what compensation he proposed

Q. (By Mr. NOBLE.) Were you not an officer of the road, receiving pay in some other way, at that time?

A. No, sir; not at that time?

Q. (By the CHAIRMAN.) With regard to the question just asked you concerning the bill, you spoke of the danger from the narrow-gauge roads, but, as that danger is applicable to all railroads, it is useless to consider it here. Anything which produces universal death must be counted out in this particular case. Now, leaving that matter out of consideration, do you know of any special faults in that bill which would prevent the Eastern Railroad, under ordinary circumstances, from getting on?

A. The business of the country is not in condition now. It is not as it has been, and it does not look as though, for the coming year, it were going to be much better. If it does not brighten up, people will not have the means at their command to travel, and therefore the income of the road will be small. Even now the trains show the falling off in travel. On the train, coming in to-night, I asked the conductor, and he said he was riding quite light.

Q. Is it any lighter now than it was last year?

A. I should think so. I think the rate of interest in the bill is placed too high. It ought to be one-half per cent. less, certainly.

Q. You said that you thought the investigation ought to be made, and you accepted that motion of Mr. Cummings, and you say that nothing was found more than Mr. Cummings presented to the committee?

A. I do not know that Mr. Cummings wrote that vote?

Q. Well, you adopted the measure of investigation urged by him, and went into the investigation, and nothing was found in that investigation more than Mr. Cummings presented here?

A. No.

Q. Then, all there was found, was the matter of accounting for the tickets, and something about the manner in which the president's salary was put upon the books. I cannot remember anything beyond that.

A. I do not know of anything more than that.

Q. Do you mean to say that an investigation which found, merely, that there ought to be a better way of arranging about the tickets, was going to make such a sensation as to run down the price of stock as it did, and overturn things generally? Do you not believe that an investigation of the affairs of any road in this State would find as great irregularities as that? Put a special investigating committee on the Boston & Albany, or the Providence, or the Old Colony, or any road, and continue it, as that was, for two months, and would you not find as much irregularity as those two things?

A. I have no doubt of it. We spent nearly three months on the investigation, and I never discovered anything wrong or short.

Q. (By Mr. THOMAS.) Since that investigation, and since Mr. Lawrence's election to the presidency, have you known of any irregularity to change your opinion, other than what you found before?

A. No.

Q. (By Mr. WILLIAMS.) As to the property of the road in Salem, I suppose you are familiar with it?

A. I am.

Q. How much is there of it?

A. There are sixty or seventy acres in the neighborhood of the mill-pond, and twenty-nine acres at the hill.

Q. Well, first, as to the mill-pond property; what is that worth? Is it salable?

A. Not now.

Q. What would be a fair price for it?

A. I think that if it were filled up it would be worth twenty-five cents a foot.

Q. What would you consider it to be worth now?

A. I could not tell you.

Q. Pass to the other property. How much is there of it?

A. Twenty-nine acres. It is a hill, with rocks and ledges which would have to be blown down before it could be put into shape. We bought it for a gravel-pit, and we have taken gravel from it, so that we have got down to the ledge in many places. There is still remaining on it a good deal of gravel, which is worth, to the company, \$8,000 or \$10,000.

Q. Is that the only property you have in Salem?

A. We have our car-shops.

Q. But they could not be disposed of without loss to the company?

A. No.

Q. Is that all?

A. I think that is all the real estate.

Q. As to the accounts. An investigation was made, I suppose, as to the system of accounts carried on by Mr. Parker?

A. The former system of accounts, which Mr. Parker had, were very simple. But Mr. Hatch came, Mr. Lothrop having brought him from the West, and he brought with him a gentleman who was made auditor. He undertook to introduce new systems, and matters got badly mixed up. Then, subsequently, they had to try to get back to the old system. There was a committee appointed, at one time, to look into the matter. I think Mr. Stevens and Mr. Johnson were on it. They looked over it, and found that things were not simple and clear. My idea was, that this man who came with Mr. Hatch was not a competent man to take charge of such a system.

Q. Mr. Parker's was simpler and better?

A. Yes; they have been trying to get back to it.

Q. It has been frequently stated, here, during the progress of this bill, that the accounts, particularly the statements of the debt and the earnings, were not correct; in fact, were entirely untrustworthy. I want to ask you if you saw anything that would lead you to believe that the amount of the debts, stated at \$14,800,000, or thereabouts, was not correct?

A. I think the accounts were correct. I have no doubt of it.

Q. That was one thing you examined?

A. Yes; very carefully.

Q. Do you believe that they can be more carefully examined?

A. I do not see how they could be. We spent a great deal of time on them, when we put in the Eastern Railroad report to the railroad commissioners.

Q. You had the assistance of the clerks and Mr. Parker in making them up?

A. Yes.

Q. As to the earnings of the corporation. In 1874 they are given at \$980,000. Have you any reason to believe that that is incorrect?

A. The report of 1874 I did not examine. I was out of town at the time. I do not know whether that is correct or not. I will go further, and say that I doubt that this system of putting in reports is of much value.

Q. Well, that is another matter. Where \$755,000 is given as the earnings for 1875, up to September 30, I think there is no doubt that that is correct?

A. I presume that it is correct. That is all I can say. I did not investigate it.

Q. Let me put the question in a different form. If that report was made up by Mr. Parker from the accounts which you examined, would you have any doubt that it was correct?

A. I should not. I should think it was correct.

Q. (By the CHAIRMAN.) You said you thought there was an investigation needed, and you went into it. You kept it perfectly private?

A. I did. I did not tell even my wife.

Q. Supposing that everybody making it, and interested in it, had been just as successful in keeping it secret, the future of the road might have been different?

A. Whether it would ultimately or not, I do not know. But there was a chance, and the directors should not have thrown it away.

Q. If everybody,—and I use that term to include every person interested in it, without reflecting on anybody,—if every person interested in that investigation had been as completely successful as yourself in keeping it strictly to himself, do you think we should be here now making this investigation?

A. I do not know that you would; there would be a chance that you would not; a chance worth trying for; and the directors had no right to trifle with that chance.

Q. About the great burden that the Eastern had to bear. How was it? Was the trouble getting more strength, or less?

A. It was thought that we were doing well. If we had got over one or two months more, we should have got into calm water. The heaviest payments were coming on; but this showed up everything. We could not get a dollar at any bank.

Q. In fact, it was a time when every director should have gone in and worked with his whole heart and strength, instead of standing back and criticising?

A. Yes.

Q. (By Mr. WILLIAMS.) You said you did not believe that the form of

accounts was very good. I suppose you mean as comparing one corporation with another?

A. These accounts are made up and presented to the directors, for them to sign, at the last hour. They are told that all is right, and they sign, to the best of their knowledge and belief. Probably, not a man knows whether the accounts are right or wrong. It took us ten days or a fortnight looking over this last statement of ours, because we were determined that there should not be a flaw in it. Mr. Lawrence and I worked over it early and late, in order that it should be brought out fairly. These accounts are not examined in that way. There should be some system by which somebody besides the directors should swear to these accounts; the treasurer, or somebody else.

Q. (By the CHAIRMAN.) There are many things which it is desirable to change. Our order is very general. We have got to answer this question, and I wish you would answer it for us. What was the one thing that precipitated this downfall?

A. It is the letting out of the story to the world.

Q. (By Mr. WILLIAMS.) What do you consider to be a fair income for the Eastern Railroad to earn during the year 1876; I mean the railroad year?

A. I think, as things are now, if they earn their \$2,500,000, they will do well. If you are going to have those parallel roads I spoke of, I doubt that it can be done.

Q. If that is considered, the Eastern will not be the only road affected. You think they could fairly expect that their gross earnings should be \$2,500,000?

A. Perhaps more. I think the business of the road could be increased with care. The State of Maine is developing everywhere. People are cultivating the land, and a great deal of produce and lumber comes down over the roads. This Conway road is bringing down a great deal, and will bring down more.

Q. With economical and judicious management, such as we have under Mr. Lawrence, what ought to be the net earnings of the road?

A. I should think they ought to be \$800,000.

Q. Above the rental?

A. Yes, sir.

Q. That would give considerable leeway above the \$525,000 required by the bill for the payment of interest?

A. It is a venture. It may not come to that.

Q. (By Mr. THOMAS.) I suppose it depends on business?

A. Yes. If business keeps down, they will not get it.

Q. Your judgment would be, that \$800,000, net, would not be an extravagant anticipation, under the careful management of Mr. Lawrence?

A. Yes.

Mr. THOMAS. Mr. Haven desires to ask a few questions, and I think it can be done sooner if he asks them himself.

Mr. NOBLE. I desire to ask a question: You gave it, as your opinion, that this company could not earn enough to pay its interest. At the same

time, you say, that if there had been no disclosure for two or three months after it was made, this company might have gone on and paid six per cent. on its debt. Could they have paid six per cent?

A. Possibly.

Q. Could they have paid it from the earnings?

A. They might have done so, possibly.

Q. What has caused the falling off? The disclosure, or the falling off of business?

A. The falling off of business.

Q. (By Mr. MOSELEY.) I have not got in my mind clearly about this Lynn property. Mr. Thomas spoke about its being purchased at a very low price, and then appearing on the books at a very high price. What is the exact fact?

A. What Mr. Thomas said, was, that it was taxed low.

Q. How did that property come into the road?

A. In the first place, as I said, we wanted a station at Market Street. The directors thought that a station at that place would be the best, and would do the most good for the longest time. The parties offered to give to the road the land where the station which was torn down was placed. They did give the land to the company,—28,000 feet, more or less,—provided they would put up a station and stop their trains there. Subsequently, we thought that we must have more freight room. Lynn was prosperous then, business was brisk, and real estate was going up. Mr. Hooper made a bargain for a lot of land on the other side. Taking into consideration all the land bought and given to the road, he paid \$200,000 for about 170,000 feet, altogether; that was \$1.17 a foot, which certainly, then, did not seem extravagant, though it was a high price.

Q. Was that the actual price paid?

A. Yes; that was paid to the owners of the land,—at least, I suppose so; the books show it.

Q. I had drawn an inference, from the questions, that there might have been some mistake?

A. No; that was paid for that land. There was also \$16,000 paid for another piece; then \$100,000 was paid for the land on which the depot stood; then \$55,000 was paid for the depot, which was afterwards demolished.

Q. Of whom was this large purchase made?

A. Of the heirs of Mr. Alley.

Mr. THOMAS. The heirs of Alley, 3d. The point of my inquiry was not that. I did not intend that you should imply, from my question, that that amount was not paid by Mr. Parker; but what I did intimate, was, whether or not all that money went to the real owners of the land; whether or not there was some intervening person who took a part of it?

WITNESS. There was no intervening person, that I ever heard of.

Mr. THOMAS. I will be very frank. The difficulty in my mind was this, why Mr. Lothrop or Mr. Brown should pay such an enormous price for the property, unless there was some intervening person.

WITNESS. There never was a man, to my knowledge, between the parties.

Q. (By Mr. HAVEN.) Mr. Williams, were you present at the meeting, some time in March, 1874, when I brought up the subject of the Maine Central shares, and inquired what quantity the road owned?

A. I do not remember that. I cannot call it to mind.

Q. Did you not sometimes talk with me about the stock they had purchased?

A. We might have done so, because I supposed it was bought by Mr. Lothrop.

Q. Had you any doubt that the stock belonged to the company?

A. Yes; at first I did. I supposed that the stock belonged to individuals.

Q. Down to what time?

A. I cannot tell precisely; some time in 1874.

Q. In 1874, you had reason to believe that the company owned stock?

A. That it had an interest of some kind in stock.

Q. You say that I sent for you to come to my office, about that vote of May the tenth?

A. Yes, sir.

Q. And, for the first time, talked with you about that vote?

A. Yes, sir.

Q. When you came to my office?

A. Yes; I have your telegram and letter.

Q. Yes; but did you not talk with me before that time? Do you not recollect that, at a meeting of the directors in the building No. 28 State Street, I called upon Mr. Parker to show me the vote, and called you to read it?

A. That was afterwards; you had asked me about it previous to that time.

Q. I never saw the vote till then. I did not know that there was any such vote recorded. It was in October, at a meeting in a room in the building No. 28 State Street?

A. It was in your own office.

Q. It was up-stairs, in the room—

A. I did not know that there was any such record, and that was why I did not know anything about it.

Q. I called your attention to that vote, and asked you if you offered it. You read it,—read it two or three times, apparently,—and said you had no recollection of any such vote. Did you not say that?

A. That was after the first interview. The first time that you asked me, it was a new subject entirely to me, and I told you I never offered it. Subsequently,—I think at this very meeting,—I saw the vote in Mr. Russell's handwriting; I said that if that was so, I must have offered the vote, because I never knew Mr. Parker to falsify the record; and if that stood against me, I would not deny its correctness.

Q. Is not every vote that is offered read?

A. Whenever a vote has been presented in our board, it has either been read by the person offering it, or by the president.

Q. Did you read that vote at the meeting in May?

A. I cannot say.

Q. Did you hear anybody read it?

A. I cannot tell.

Q. Did you not state to me that you had no recollection of any such vote?

A. I say so now.

Q. Were you present at the meeting of the board, when I read my letter to the directors?

A. Yes, sir.

Q. After having read my letter, I moved that it be placed on file, and there was no objection made?

A. Yes, sir.

Q. Why did you not object?

A. I had no objection to make to its going on file.

Q. You were on the examining committee with Mr. Cummings. Mr. Cummings said to the committee, here, that in looking over some notes receivable, and bills receivable, he found two notes,—one of Mr. Hooper and one of Mr. Wooldredge; did you see those notes?

A. I think very likely. I saw all there was.

Q. Were they not notes of large amounts? You made a close and thorough examination.

A. We did; but it's impossible for me to remember every item.

Q. But if they had been obligations of a million, you would have recollected.

A. I think so.

Q. Can you not say what you did see?

A. I cannot say that I saw such notes there.

Q. Did you see anything like an obligation or receipt connected with Maine Central shares?

A. I do not remember.

Q. That is very strange.

A. If I remembered it, or could bring anything to my mind about it, I should state it squarely.

Q. I believe you were an officer of the Eastern Railroad at one time?

A. Yes; from December, 1870, to the time when Mr. Hatch came to the road.

Q. I mention that to show why you might have devoted so much time to the company?

A. It was previous to that that I was an officer of the road.

Q. I think you stated, just now, that you knew nothing about the publication of the results of this examination by the committee, of which you were a member, until you saw some account of it in the "Herald"?

A. That was the first knowledge I had of it. I think it was Monday morning; I think we had a meeting Saturday, and Mr. Cummings left early; on Sunday some gentlemen interviewed him, as I understood; at any rate, I know that on Monday I saw some statements in the "Herald" which surprised me very much.

Q. Didn't some reporter follow you, and inquire about it?

A. No, sir.

Q. (By Mr. JAMES.) When you folks were all present, down there,

and I gave you my petition, what was the reason you didn't grant us a meeting?

A. The reason given, was, that it was so near the time of the annual meeting.

Q. And subsequently some of the gentlemen took their names off the petition. Ain't there a law for you to call a meeting, when stockholders petition for it?

A. Yes, sir.

Q. Don't you think, if you were a director in a bank, and they should ask you to call a meeting, don't you think you would do it?

A. I should be willing to call the stockholders together.

Q. Who was it that offered my petition?

A. I couldn't tell you; there were several who spoke about it, and thought that it was so close to the annual meeting—

Q. But that petition was handed in in December, and the annual meeting was in February?

A. Yes, sir.

Q. Don't you remember anything said in the board when Cummings pretended to discover that some of these names were forgeries?

A. There were some names that appeared to be written in the same handwriting.

Q. And Cummings discovered it?

A. I think he spoke of it.

Q. What did Cummings say?

A. I don't recollect about it.

Q. Wasn't there considerable talk about it at the board?

A. No, sir; not much.

Q. Did you do anything about it?

A. We didn't take any action at that time.

Q. Afterwards?

A. He said there were not a sufficient number of names.

Q. Didn't you take any action after that?

A. No, sir.

Q. Positive about that?

A. Not to my knowledge.

Q. Are you just as positive about that as you are about everything you have testified to?

A. Some things I feel very positive about.

Q. Now, about these Lynn lands,—you talked about Buffum's land,—did you know about Buffum's land?

A. He offered to give the company a piece of land for railroad purposes, and when we came to go down there,—that was in 1870,—there was not room enough to put the depot on, and drive a carriage in by it.

Q. Where was this Buffum's land—between Market Street and the Central Depot?

A. Yes, sir.

Q. So, about this Silver's and Alley's lands, Mr. Brown didn't think it was advisable to pay so much money?

A. No; not at that time.

Q. I have a little record here about Silver, in October 21, 1873, deeding one-half for \$15,000; and that is the land that was sold to the Eastern for \$200,000.

A. I do not know, sir, anything about Mr. Alley's business.

Q. It struck me there was a tremendous rise in land between October 3 and October 21?

The CHAIRMAN. That is a record from Salem?

Q. (By Mr. JAMES.) That is a copy of the records of Salem, from the register of deeds. One-half of the land sold on the 3d October, 1871, for \$15,000, and the whole sold to the Eastern Railroad, October 21, 1871, for \$200,000. What did you pay for the land in?

A. I don't remember what it was paid in; I think the larger lot was paid for in Conway bonds,—\$155,000.

Q. Whether you knew anything about the Wolfborough loan; what was paid by Wolfborough—the town of Wolfborough—to the Eastern Railroad,—how much they voted to the Eastern road?

A. I do not know.

Q. Didn't they give the company something?

A. I cannot say.

Q. Didn't you have an idea that the town gave them some money?

A. I don't remember about it.

Q. Can you give us any light about the wharf there, which the Boston & Maine have got now?

A. I cannot, sir.

Q. You have no idea how much it was bought for?

A. I have not, sir.

Q. Don't you know it is leased to the Boston & Maine?

A. No, sir; I hadn't any control of the road at that time?

TESTIMONY OF MR. STEVENS.

Q. (By Mr. THOMAS.) When did you first become a director in the Eastern Railroad?

A. In February, 1872.

Q. And you continued such a director, for how long?

A. I resigned at the end of 1874; I was there during 1873 and 1874.

Q. You remained during 1873 and 1874, and went out about 1875?

A. Yes, sir.

Q. Well, were you one of the finance committee?

A. I think I was, for a part of 1874, or for some period—a short time.

Q. Who composed the finance committee, at that time, besides yourself?

A. Mr. Haven, Mr. Hooper, and, I think, Mr. Jones.

Q. What part of 1874 did you become a member of the committee, and when did you cease to be one?

A. I could not say; I have not refreshed my memory.

Q. What was the first knowledge that you had of the purchase of Maine Central stock, on account of the Eastern Railroad?

A. I never knew they had purchased any.

Q. Up to the time you went out of office?

A. I never knew that the Eastern Railroad owned a dollar of Maine Central stock; there never was a meeting at which I was present, when the subject was discussed.

Q. Whether it was ever up in the finance committee, so that, as a member of the board, you had no knowledge of it,—of the purchase of any shares of the Maine Central stock by the Eastern Railroad?

A. No, sir; I never knew of it.

Q. Did you ever purchase any for yourself?

A. No, sir; I never owned a share.

Q. You had nothing to do with the disposition of any of the Conway bonds, did you?

A. Never.

Q. Nothing to do with the placing of the loan with Richardson, Hill & Co.?

A. Never.

Q. What had you to do, if anything, with the Lynn depot?

A. The Lynn purchase of land was made before I entered the board; Mr. Williams has stated that I was on the committee; but I have no recollection of having acted on the committee with regard to the depot.

Q. He spoke of some conversation in which you said you had been consulted about it. Do you remember it?

A. No, sir.

Q. It is, I think, November 24, 1873, when there was a meeting of the directors, when it was voted that Mr. Stevens and Mr. Jones be added to the finance committee?

A. That is about the time.

Q. That is conformable to your recollection; now, you never approved or ratified any of this Maine Central stock?

A. Never heard of it.

Q. Were you ever on any committee to investigate the affairs of this company?

A. No, sir; the only investigation I ever gave, was at the request of President Wooldredge, to look into the accounts of Mr. Colgate, who had become auditor by the appointment of Mr. Lothrop. I did so, and made some report about it to the directors, who acted upon it, and the road went back to the system of accounts, as kept by Mr. Parker.

Q. You are, of course, familiar with the mode of keeping the accounts?

A. I should say that I was.

Q. And it was your judgment, and Mr. Wooldredge's, that you should go back to Mr. Parker's system?

A. Yes, sir.

Q. In the course of your investigation, did you discover anything irregular or wrong?

A. Nothing; the investigation was simply on the best way of keeping the accounts.

Q. The plan and the details?

A. Yes, sir.

Q. And Mr. Colgate's plan was, in your judgment, too complicated?

A. Yes, sir; there was too much machinery about it, I thought.

Q. Well, did you know of any overissue of bonds?

A. No, sir.

Q. Nothing came to your knowledge?

A. No, sir; not at all, sir.

Q. Did you know anything about the purchase of this property—Bar Harbor?

A. No, sir.

Q. Never knew you owned it?

A. No, sir.

Q. Who, in point of fact, did know about it?

A. I could not tell you, sir. All contracts and purchases were left to the president and finance committee, as a general thing; but the doings were approved by the board.

Q. Wasn't such business, in fact, left to the finance committee?

A. I always presumed the finance committee were consulted in such matters.

Q. And you were not?

A. I do not know that I was a member of the finance committee at that time; I make the statement entirely from recollection; I have not consulted the records.

Q. [Handing witness the records of the Eastern road.] At the meeting held March 19, see if it isn't there, and refresh your recollection, and see if you are able to state more fully to the Committee what agency you had in the lease or disposal of property?

A. That is the Charlestown property that is referred to.

Q. Had you anything to do with the Charlestown property—the purchase?

A. No, sir.

Q. You approved of the purchase; you approved of it, as a director?

A. Yes, sir; that was the first meeting I ever attended.

Q. Do I understand you to say that the finance committee, as a committee, had nothing to do with it?

A. I think so, sir.

Q. Wasn't it their duty to provide ways and means to pay the debts of the company, and to raise money to get on with?

A. That was their main business.

Q. Were they, by any vote, authorized to go on and make such a purchase?

A. Except by some express vote, I think not.

Q. And they were consulted by Mr. Lothrop about raising the means. Something was said about a note, I think, of \$50,000, indorsed by Mr. Lothrop, and to secure which sum bonds were pledged?

A. No, sir; I do not know about it.

Q. I will ask you, for I want to know how far your knowledge of the affairs of this company extends, if you have any information to impart to the Committee which you deem of value, if you will please state it?

A. I have not any knowledge of anything irregular of the purchase of Maine Central stock, or the purchase of the Bar Harbor property, or

anything else, while I served the company. I gave it as much time as I could afford. I attended most of the meetings of the corporation, with the exception of two or three months in the spring I was South, and several when I was abroad in the fall.

Q. If you were put on the committee with Mr. Lothrop, you did nothing about it—the Lynn lands purchase?

A. No, sir.

Q. And whatever was done, must have been done by him, entirely?

A. Yes, sir.

Q. Were you on any committee with Mr. Wooldredge?

A. No, sir; I do not think I was.

Q. Were you on the board when Mr. Cummings was?

A. No, sir.

Q. You were on the finance committee only during a few months,—in the latter part of 1873,—after the panic?

A. It was after the panic.

Q. You were not on the finance committee when Mr. Lothrop was president?

A. No, sir; I think I came on in February, 1874.

Q. I would like that observed, as I see, in the printed report, it is stated 1872. And you were not on the finance committee, in the early part of 1873, when Mr. Lothrop bought the Maine Central stock?

A. No, sir.

Q. So that there was no stock bought while you were on the committee?

A. None at all.

Q. Then you were away in a part of 1874?

A. I was away two months in the spring of 1874, and portions of August, September and October, 1874.

Q. So that, during the year you were on the board, you were away half of the time?

A. No, sir; about four months of the year, I was away at the South, and abroad?

Q. (By Mr. JAMES.) Did you raise some of this money? I understand that, at the request of Mr. Wooldredge, you examined the mode of book-keeping by Mr. Colgate?

A. I did, sir.

Q. And you decided that Mr. Parker's method was the better one?

A. I did, sir.

Q. And Mr. Wooldredge restored Mr. Parker's?

A. Yes, sir. It was done by vote of the board.

Q. A regular report was made, and it was adopted?

A. Yes, sir.

Q. Did you help borrow this money around?

A. Never.

Q. Who did it?

A. I never borrowed a cent for the Eastern Railroad.

Q. Weren't you on the finance committee?

A. Yes, sir; but I don't know.

Q. Don't know who borrowed it—who borrowed it at your office?

A. We never loaned the Eastern road any.

Q. Do you hold any bonds of the Eastern road?

A. No, sir.

Q. And the finance committee did all the borrowing?

A. I presume so, sir.

Q. Who do you think borrowed the money?

A. I could not say, sir. I think it was done by the president and the finance committee. I was not on the committee but a short time, and knew nothing about it.

TESTIMONY OF GEORGE RUSSELL.

Mr. THOMAS. Mr. Shattuck, had you in your mind any question to ask Mr. Russell; if you had, I will ask you to examine him?

Q. (By Mr. SHATTUCK.) I only wish to ask him with reference to the method of keeping the account of tickets; will you state what your method was?

A. We have what is called the Bailey system of tickets on our road,—that is in existence on most of the roads out of Boston. I have brought with me a ticket-account, which will explain better than I can.

Q. When tickets are sent out,—let us go back to the time in 1874 when Mr. Wooldredge was there,—when tickets were sent out to station agents, what did you do?

A. We always charged them, sir.

Q. Charged them to the station agents?

A. Yes.

Q. And then, when the money was turned over, you credited them?

A. The money went into the treasurer; I had nothing to do with the cash, whatever.

Q. Just tell me how the station agents were made accountable; what protection have you had against their waste, or misuse, of property?

A. Well, sir, we had the accounts; we always checked up their accounts.

Q. Perhaps you can tell us exactly how you kept the account. What does this first column show [referring to a blank ticket-account produced by the witness, and which the witness briefly explained to the Committee]?

Q. Was not the ticket agent accountable for all these tickets, till he returned them, or the value of them, to somebody?

A. Yes.

Q. Didn't you require every agent to account for all the tickets he received?

A. Yes.

Q. Did Mr. Wooldredge in any way oppose, to your knowledge, any change in 1875?

A. There has never been any change made in this, at all. We, at the first of it, on account of want of room, and want of help, didn't assort and count the tickets. Mr. Cummings objected to that, after he came to know that was the rule; he objected to this, and made a great talk about

having this office started. He came in one day,—I didn't know where he got his authority,—and told me to put that office in operation. We had, previous to that time, looked around to see where we could put such an office, and found no place, except at Salem. Mr. Wooldredge objected to dividing the office, and Mr. Hatch insisted he would not have it. Mr. Cummings came in, one day, and told me to put it in operation; I went in and told Mr. Wooldredge, and he said he was president of the road, and I was to take my orders from him, and not from Mr. Cummings, or any other man on the road; when he was ready to give the order, he would give it.

Q. What was done about it?

A. It passed along, sir, till I think Mr. Wooldredge returned from the country, and then I got an order, through Mr. Batchelder, from Mr. Wooldredge, to set the office going at Salem; and it is in operation now.

Q. Has there ever been any advantage from that counting?

A. It has this advantage, sir: if there is any counterfeiting, it shows it.

Q. Is money lost very often from the counterfeiting of the tickets—very often—of a railroad?

A. I never saw a counterfeit ticket in my life, sir.

Q. (By the CHAIRMAN.) That the only benefit?

A. It prevents ticket-sellers from selling from a higher number; that is, they may skip numbers,—they may skip a bundle or two bundles,—and not report them sold; but they have got to do it, eventually.

Q. Was the system you described to us—. Do you consider that system as good as this?

A. The counting of the tickets at Salem?

Q. No, the system you had, before you introduced this?

A. O, no, sir; a poor plan.

Q. The previous plan?

A. Yes.

Q. You like the new one better?

A. Yes; every road is using it.

Q. Do you know of any better plan than this?

A. No, sir; there could not be one.

Q. Then you think this plan of Mr. Cummings was a good one?

A. I do; every road has it; it is part of the system to sort and count the tickets.

Q. (By Mr. SHATTUCK.) You say Mr. Wooldredge did it when he came back from the country?

A. I think so.

Q. How long after it was first suggested, did he do it?

A. I haven't the least idea. There was so much going on there, I can't recall to mind anything about dates. I should think it might have been— Well, perhaps a month.

TESTIMONY OF MR. WILLIAMS—Recalled.

Q. (By Mr. THOMAS.) There is one subject I should like to ask Mr. Williams about. Mr. Williams, nothing has been inquired, that I remember, about free passes: Whether or not is the matter of free passes sub-

ject to abuse on railroads, as far as you know, from your own experience?

A. I think it is, to some extent; but I don't think that is so tremendously abused as people think. A great many passes are given as complimentary passes to officers of other roads, all over the country, who send a list of their officers to the Eastern, and who send their passes, and ask for a return. These passes are given out. They go all over the Western country; it takes a great many passes. These people, perhaps, never saw the Eastern road.

Q. What I want to ask, is, although there is a large issue, does that entail any considerable expense upon the railroad, and does it diminish the receipts in any considerable degree?

A. No, sir, that part does not at all; it is rather a benefit than otherwise.

Q. The number, then, don't amount to much?

A. No, sir.

Q. Now, this abuse; anything respecting that? How is it?

A. I have no doubt, sometimes, people present claims for passes, and the officers have granted them, where it is a flimsy reason.

Q. With whom is the power in the Eastern Railroad?

A. The president and superintendent.

Q. The president and superintendent?

A. Yes.

Q. The finance committee have anything to do with it?

A. No, sir.

Q. Nor the directors?

A. No, sir; unless it was the rule on the road, that if a gentleman was going with us, upon business,—for instance, if you were going down the road with me, I should take you along with me, and I should tell the conductor as he came that it was all right.

Q. But isn't that liable to abuse? Isn't it a better plan to have no passes given, except by some particular person on the road, who is held responsible for it, and that all directors, except that officer, shall be prohibited from giving passes at all?

A. I think that the system should be reduced within as narrow a limit as possible, and have as few given as possible.

Q. Will you say whether or not the number of free passes has been discontinued, to some extent, on the Eastern Railroad?

A. It has, very much.

Q. Yes; since what time?

A. Since we began the investigation, I think; and— Well, I think that during Mr. Wooldredge's administration, they were reduced.

Q. Well, to what extent,—give us, in a word, because you have got to go,—to what extent do you think that that was carried on under Mr. Wooldredge's administration?

A. I don't know that it was abused then, sir.

Q. Well, was it pretty large?

A. There were a good many given out, I have no doubt.

Q. Isn't this the fact, that many persons came over the road on passes, who came pretty regularly, and who, if they had not had passes, would have brought into the road considerable income?

A. I have no doubt about it.

Q. (By Mr. WILLIAMS.) Mr. Cummings stated that one result of the investigation was that, I think, it stopped passes amounting to \$5,000 a day, as I recollect his testimony.

A. On this road?

Q. On this road.

Q. (By Mr. THOMAS.) Is that so?

A. Stopped \$500 a day.

Mr. THOMAS. Is that so?

Mr. WILLIAMS. Passes, I mean, that would represent from \$300 to \$500 a day.

Mr. THOMAS. What should you say?

WITNESS. I should think the amount was large, and, if there was any such amount as that, I should think it was time it was stopped.

Q. You were on the investigating committee; what did you find?

A. There was very little in our report in regard to free passes. It was a matter which he, personally, looked after.

Q. It came under your observation?

A. To some extent, but he attended to it himself. I could not see any such terrible abuse in the pass system as he saw.

Q. (By Mr. WILLIAMS.) What should you say would be the amount, in dollars, actually lost by the corporation?

A. I don't know, sir.

Q. (By Mr. SHATTUCK). From \$300 to \$500 a day means if every pass was used.

Mr. WILLIAMS. I suppose he took into account every one of those that were sent over the country, and never used.

Q. (By Mr. JAMES.) Didn't Mr. Cummings' partner, Mr. Harrington, have a pass on the road?

A. I have heard so.

Q. Didn't you find, on looking over, he had a pass, and his friends had passes?

A. I can't say I did, sir.

Q. Have you heard of such a thing as Mr. Harrington having a pass?

A. I have heard so; I don't know the fact.

Adjourned to Wednesday morning, at 10 o'clock.

NINTH HEARING.

RAILROAD COMMITTEE, STATE HOUSE, BOSTON, }
WEDNESDAY, March 22, 1876. }

The Committee met at 10 A. M. Senator PALMER in the chair.

TESTIMONY OF MR. EZRA H. DODGE.

Q. (By Mr. THOMAS.) Where do you reside ?

A. I reside, now, on Mt. Desert, in the town of Tremont. I have been away from there two years; until this winter, I resided at Bar Harbor.

Q. Have you been for years well acquainted with the Bar Harbor property ?

A. I was born there, and am familiar with it.

Q. Are you somewhat acquainted with what is called civil engineering ?

A. I am not much acquainted with civil engineering; my father was a civil engineer, and I had his papers and things to work with; but I never studied civil engineering myself.

Q. Are you acquainted with the property at Bar Harbor which was bargained for in some way by the Eastern Railroad ?

A. Yes, sir; I think I am.

Q. What does that property consist of ?

A. It consisted, at the time it was bought, of a hotel, stable, one acre of land, a wharf and two lodging-houses. There was also an old wharf, with a summer building on that; but as it now exists, the stable has been torn down and taken away, and also one of the lodging-houses.

Q. I will go on to inquire about that by and by; but at the time when you had knowledge of these negotiations for the purchase, what was the condition of the hotel ? What sort of a hotel was it ?

A. It was an old house; I have a view of it here; Mr. Roberts, who owned the house, had some cottages; and when he built it, he raised it up and built on another house, so that it was not of much value.

Q. You mean the hotel ?

A. It was not of much value; it was a sham built thing.

Q. You say it was a sham built house ?

A. Yes, sir.

Q. When you first knew that anybody was negotiating for it, who did you first talk with down there ?

A. Well, no one made any stir about the purchase of the hotel; I think I was the first one; at least, Capt. Deering had been talking with Mr. Roberts for two or three years about buying the property, but it never amounted to anything at all until after I asked Roberts what he would sell it for.

Q. What did Roberts say?

A. Roberts told me he would sell it for \$20,000. That was his offer. He would step out, and leave the property just as it was, leaving the furniture in the house, except his piano, one or two bedsteads, and a few other things.

Q. Did he request you to get him a purchaser?

A. Yes, sir; he offered me a hundred dollars, with the purchase at \$20,000, and offered me a percentage over that, which, at the rate of \$33,000, would amount to \$600; but I never had any idea it could be sold for that.

Q. What do you say, now, was a fair value of the property; that is, to any person who had the money to buy it?

A. I think that would depend upon what you were buying it for. If a man wished to buy the property for a hotel, it would not be worth over \$10,000, to-day. I don't think it would have been sold for \$10,000.

Q. Well, if you had this property on your hands for sale, do you think of anybody who would take it and pay \$10,000?

A. No, sir.

Q. And, in your judgment, was that as much as the property would have brought at a fair sale?

A. It has been variously estimated at from \$10,000 to \$15,000. Some have set it at \$5,000, and \$20,000; men of good judgment have put it at \$10,000.

Q. And that included what you call the hotel; and did it include all the property which was purchased by the Eastern Railroad—all of the property and furniture which they did not buy, and more than they did buy?

A. Yes, sir.

Q. Won't you tell us when your negotiations fell through, and how?

A. It was in August, 1873; my office was in this hotel, as you can see by the view. Gen Strickland, of Bangor, came and asked me if I had heard anything from Mr. Ward, of Boston. I told him no. He said he was one of the vouchers of the Maine Central road, about the consolidation of the two companies. I told him I had not heard anything from him, and didn't know him. In a day or two after, he came and said he had a letter from Mr. Ward, and he was coming there on Saturday, and wanted to get rooms. Gen. Strickland had been trying to get rooms for Mr. Ward and his party, and could not get any, and he asked me if I could get some. I went about and got rooms for Mr. Ward and his party to stop in as long as they were there. After he came, Mr. Ward came to me and asked me if I would look up the value of real estate about there, and anything that would tend to benefit the railroad companies, and to give it to him in Boston. I went over Bar Harbor, and the Bangor and the Halifax road, and wrote him a letter from Halifax. Mr. Lawrence

has the letter. When he was at Bar Harbor, he told me it was the purpose of the Eastern and Maine Central roads to put a daily steamboat on from Rockland to Bar Harbor, and they intended to take in the Rockland Railroad; and told me once, after that, they had the papers all made, and were coming down to compel that company to close up the business. While he was gone to Halifax, I looked about, and I thought, if they wanted to buy real estate, or anything to benefit that arrangement, it would be well to own some privilege there. I talked with Mr. Roberts about the value of this property, and told him that \$20,000 was too much. There is a little harbor just a mile to the south; and I made inquiries there, and found I could buy ten to twelve thousand acres there for \$3,000, and they could run their steamboats there.

Q. Was the water as bold there?

A. Yes, sir; it was as bold there, where this landing would be situated. My object was not in having them adopt that as their landing for all the time, but they could buy this property as an investment; they could run their boats there, and bring down the value of real estate at Bar Harbor, and then buy the property there reasonably. This was only a scheme I had, and I gave it to Mr. Ward for what it was worth. I had made out a plan of the whole thing, and went to Bangor and met him in the Bangor House, and gave him one of these maps that I had drawn up. [Map shown to the Committee.] I told Mr. Ward that Mr. Roberts had offered me that property at Bar Harbor (I have the evidence of it) for \$20,000. There are men in Boston who can testify to that, if it is wanted to call them. Mr. Ward told me that they didn't want it. He seemed to show weakness on it, as it were, at once, and he said he would take the map to Boston and think of it. I thought that would be the end of it. I went to Bar Harbor and told Roberts I could not sell the property for \$20,000, when he said that Capt. Deering had been talking with him about buying it. I told him that Deering was not able to buy it.

Q. Had he any property?

A. Who, Deering?

Q. Yes.

A. I understand he owns some at Cape Elizabeth. Before that I had offered for them; but when I found that the company I worked for didn't want it at all, then I thought, if there was any money to be made whatever, there was no harm for me to make it. I went back to Roberts, and he told me he would pay me well if I would close the bargain. I says, "You must go at once to Capt. Deering, and tell him, if he wants the property, he must take it at once. Tell him you have got an offer, and I will give you \$20,000 at once. I do not believe he can buy it; find out whether he wants it or not." He went down and told him, and talked with him two or three trips. At last, I said, "Tell Capt. Deering, if he don't take that property, when he comes down, you will sell it to the other party." He went down and told Deering, and Deering went to Portland. When he came down again, I was on the wharf, and saw him and several gentlemen going to the hotel with Mr. Roberts. I waited on the wharf awhile, and then went to my office; and while I was seated there, a gentleman came in with the same map I had given Mr. Ward at Bangor.

There was a letter written, and it introduced Mr. John D. Sanborn to me. This letter was from Mr. Ward, asking me to give Mr. Sanborn any assistance I could. I told him, if I could do anything for him, I would. He asked me some questions about the property there, and I answered him. He wanted to take a ride, and I got a team and drove him out; and while we were driving, he told me they had bonded the property; had given a \$500 bond to take it inside of sixty days, at \$33,000.

Q. Who told you this?

A. Mr. Sanborn. I began to laugh at him about it, and he asked me what I knew about it, and I told him. He asked me if there was anybody else who wanted to buy that property, and I told him no. I had been talking with Mr. Roberts; nobody else wanted to buy it. I believe he swore some about it. He didn't believe there was any other party. He said that Capt. Deering said that he must take it at once, or other parties would take it. He went home, and I came to Boston to see Mr. Ward about it. I saw Mr. Ward, Mr. Hatch, Mr. Lothrop and Mr. Sanborn. They asked me about it.

Q. Tell us all you know what Mr. Lothrop said. I suppose they were all together?

A. No, sir. I saw them separately.

Q. Well, begin with Mr. Lothrop?

A. I saw Mr. Lothrop, and he wanted my advice about buying it. He said, if they were going to put on a daily boat, it would be well to have that property, if they could get the control of the whole water front, and could get it at a reasonable rate; and I said to Mr. Lothrop, "The way you bonded it, you cannot monopolize the whole water front, because Mr. Robert's son owns a portion of that property, and can build a wharf there." He asked me if other parties wanted to buy it; and I said, "If you will give me power, I will find out whether other parties want to buy it or not." They gave me to understand that the Boston & Maine wanted the property. I told Mr. Lothrop over and over again, if he would give me some authority, so that I could go ahead, I would find out. I told him also that if he would take the thing out of Capt. Deering's hands, I would buy it for \$20,000, and give him a deed of it. But he didn't want me to do anything about it.

Q. Why?

A. He didn't give me any reasons. They seemed bound to take it, anyway.

Q. Did you talk with Mr. Ward?

A. I told Mr. Ward the same story.

Q. Did you, in addition, tell them the true value?

A. I told them it could be bought for less than \$20,000.

Q. Well, go on. You say you told Mr. Ward, substantially, the same thing?

A. Yes, sir. During that sixty days, this young man Roberts put a notice in our county paper that he would petition the next legislature for a charter to build a wharf. I came to Boston and saw Mr. Sanborn down at the Eastern depot. Deering was there at the same time. I told Sanborn you are not safe in buying that property, and told him of the notice

of young Roberts. He says, "Where is your evidence?" and I said, "If you will wait twenty minutes, I will get it"; and I went down to State Street, and got the paper, and showed it to him. I said, "If they go to the legislature, you may stave it off for one year, but you can't for more, and he will get the charter, and you can't help yourselves." He petitioned, and didn't get his charter; but he got it a year ago, and has the charter now to build a wharf.

Q. How near by to this one?

A. It would not be more than ten feet away.

Q. And could be built for how much?

A. This wharf he built cost \$6,000; a large price, I think.

Q. That is what he wanted to sell the property for?

A. Yes, sir. I saw a man in Belfast, who had been down and looked at it,—a wharf-builder, and he said his figures were very large. He said \$6,000 was ahead of his time a good ways.

Q. The wharf has not been built by the son?

A. No, sir.

Q. What further did you say to these gentlemen besides that they had better not take it?

A. I told them if they were bound to have a wharf there, and bound to buy that property, Roberts has offered me a commission, and I will give it to you; it amounts to \$600. I made them the offer several times during those sixty days, if they would give me any chance at all, that I would buy that property for \$20,000.

Q. What was your motive for giving anything to the Eastern Railroad?

A. Because I was working for the Eastern Railroad.

Q. Do you know any reason why this large price was paid, and what was done about it?

A. I cannot see any reason why it should be paid.

Q. Why what should be paid?

A. I knew nothing why they should pay \$33,000 for that property. I asked Mr. Roberts if the Boston & Maine had been there and wanted to buy that property, and he made me a very evasive answer, and went off.

Q. Do you know how this was finally settled and left. Have you ever examined the records to see how it stands?

A. I have never examined it myself. I understand the register of deeds, in our county, to say that the deed was from Mr. Roberts to Capt. Deering, for \$33,000, and that he paid \$17,000 down, and gave a mortgage for the balance, to be paid in three years.

Q. Was that the conveyance to Capt. Deering, and Capt. Deering had executed a mortgage back, payable in three years?

A. Deering told me, himself, once, that he bought that property.

Q. Did he tell how much Roberts got?

A. No, sir.

Q. (By the CHAIRMAN.) You could have got it for \$20,000, or less?

A. Yes, sir.

Q. And the purchase was for \$33,000. Did you ever attempt to explain that?

A. No, sir; I couldn't get any explanation from them.

Q. Did you ever guess?

A. I have my opinion.

Q. Will you give it?

A. Perhaps, if I should tell you the truth, it might hurt somebody's feelings.

Q. We can't always help that.

A. It is my opinion that somebody cheated the Eastern Railroad pretty badly.

Q. What you mean, is, that it lies somewhere between Roberts and Deering, and that ring?

A. Yes, sir.

Q. Do you think the Eastern Railroad, having collusion with anybody in regard to that, that they were *particeps criminis*.

A. The Eastern Railroad; no sir. I could not find who had done it. There doesn't seem to be anybody who knew anything about it, except Mr. Lothrop and Capt. Deering; they seemed to do all the business.

Q. Then you mean the Eastern Railroad, as distinct from its officers?

A. Yes, sir.

Q. Do you think that there was some underhand work between Lothrop and somebody else, that caused that amount to be paid?

A. Well, there was something of the kind, or else he was a fool, and I think he has got common-sense.

Q. Nobody is to blame for having it.

Q. (By Mr. HERWOOD.) Who did you understand Mr. Ward represented?

A. He represented, I supposed, the whole line of the Eastern and Maine Central.

Q. Have you any idea how much Capt. Deering made out of it?

A. I do not know. There was one of our hotel men who wanted to sell out, and he told me that Deering told him that he could get more for land at Bar Harbor than any damned man.

Q. (By Mr. WILLIAMS.) Do you know whether the bargain had been made when you saw Mr. Lothrop?

A. When I saw Mr. Lothrop, the bond had been executed.

Q. Did you know about these bonds,—whether they obliged the Eastern Railroad to take this land?

A. I do not know; but a lawyer who was stopping at the Egremont House, at the time, told me that if the Eastern Railroad should throw up the bargain, they would have to pay only \$500. He said that would be the extent of damages which could be collected.

Q. You don't know whether the road had agreed absolutely to buy it or not?

A. No, sir; they had simply agreed to take it in sixty days, or forfeit \$500.

Q. (By Mr. THOMAS.) Did Mr. Lothrop, or Mr. Ward, or any other agent with whom you conversed, allege, as a reason, that they had already obligated themselves to take it? Did they allege any such reason as that?

A. No, sir.

Q. I understand, from Mr. Parker, that there was some bond; but, he says, "We never have seen it"; and he supposes it is in the possession of the clerk of the Portland, Saco & Portsmouth Railroad?

Mr. WILLIAMS. Perhaps it may be well to have it, and we can send for it?

A. Mr. Roberts told me that his lawyer, at Bangor, said that the bond was not good for anything; there was something about it that was not right; some technical point, I suppose, that made it null and void.

Q. (By Mr. MOSELEY.) Had Mr. Roberts received his money?

A. He had only received the first payment.

Q. How much was that?

A. Seventeen thousand dollars. I understood our county register of deeds to say it was \$17,000.

Q. And what has he for the balance?

A. Sixteen thousand dollars mortgage on the property.

Q. Which you think as much as the property is worth, or more?

A. Yes, sir.

Q. What does it include,—the hotel and this store? [Pointing to the map.]

A. It takes in an acre of land. [Explaining on the map.]

Q. (By Mr. THOMAS.) I understand you don't know, of your personal knowledge, what this bond did contain. You never saw it?

A. No, sir; they wouldn't let me see anything.

Q. Did Mr. Lothrop tell you what it contained?

A. I think he did. Sanborn was very explicit about it. He was sent down by Lothrop to do the business.

Q. I mean the bond which, as I understand you, had been executed between Lothrop and Deering previous to your conversation with Lothrop? I suppose I understand it.

A. Yes, sir.

Q. You say Sanborn was very explicit?

A. He told me that the bond bound the company in \$500 to take that property at \$33,000. It also bound Roberts to convey it to them inside of sixty days for \$33,000, or he would forfeit to the company \$500.

Q. Did he tell you that was all the bond implied; you knew enough of law to know that some such transaction as that must be specifically performed if the parties invest. How did you understand that part?

A. Well, that seemed to me the way; he told me that was all there was specific about it.

Q. (By Mr. MOSELEY.) Wouldn't Mr. Roberts rather take \$7,000, than have the house thrown back on his hands now?

A. No, sir; he has got some of the money now; I don't know how much he got, but I don't think he would take \$7,000 now. I don't think he is that kind of a man, unless he has changed recently.

Q. (By Mr. JAMES.) Did Sanborn tell you he was buying it for the Portland, Saco & Portsmouth Railroad or the Eastern?

A. For the Eastern.

Q. Did he tell you where the money was to come from to pay for this?

A. No, sir; he didn't say where the money was coming from; he told me they were to pay the money. I saw Lothrop, and him, and Deering in the Eastern depot, and Capt. Deering got some money, and carried it down.

Q. Who were the parties that came down with Mr. Ward, when he got accommodation from you?

A. There was a gentleman there, the hotel proprietor said was Ward's son-in-law; I think he said he was the editor of some paper in this city; I think it was the "Advertiser."

Q. You don't remember the name?

A. No, sir.

Q. What did you write this letter to Lawrence for?

A. I haven't written to Mr. Lawrence.

Q. Haven't you ever written Mr. Lawrence?

A. I wrote him a postal-card, and I sent him a despatch, but he didn't answer it.

Q. What did you send him a postal-card for?

A. I sent him a postal-card for a pass; I came from Belfast, yesterday, and got in there night before last; I had no pass, and sent Gen. Lawrence a despatch, asking for one, but I got no answer.

Q. How did you get on without a pass?

A. I had a letter from Mr. Palmer, of this Committee, and I showed it to the conductor, and told him he could pass me or not.

Q. You have worked for the Maine Central?

A. Yes, sir; I worked for that road two years ago; when I went down there, recently, I was requested by Gen. Lawrence to get some papers and documents for him, which I have got here, and intend to carry him. I told him, once, I would send him the papers; but there were some things in them that need to be explained, and I thought I would give them to him in person.

Q. Are these papers in relation to this matter?

A. They are upon various matters.

Mr. JAMES. That is all.

Mr. THOMAS. If you are to go away immediately, you can leave the papers, and they will be given to Mr. Lawrence.

WITNESS. I shall not go away without seeing him.

TESTIMONY OF MR. GEORGE RUSSELL.—*Resumed.*

Q. (By Mr. THOMAS.) You had completed your statement, last night, in relation to your plan and system of tickets?

A. Yes, sir.

Q. Whether there are a great many free passes over this road?

A. Yes, sir; there has been, for the last two years.

Q. Please go on and give us an idea of the extent of these passes?

A. I cannot give you those which did not come under my authority and supervision,—the annual passes.

Q. Then they were not by tickets?

A. No, sir; they were by card.

Q. Who did you understand had the authority to issue them?

A. Mr. Prescott had, at one time, and then Mr. Hatch, and Mr. Lawrence.

Q. Any one else?

A. No, sir; except Mr. Batchelder has some for employes of the road.

Q. I mean, that will pass other persons over the road. Have the directors power to pass anybody?

A. The vote in regard to them, is, that all shall be issued by the president, except some few that are given to employes by the superintendent.

Q. Whether there are as many, now, as formerly?

A. Since Mr. Cummings' raid, there is nothing left of them.

Q. What do you mean by the raid, as applied to Mr. Cummings?

A. He undertook to break it up, and got the vote passed, as I understood it.

Q. And has that vote been carried out?

A. Strictly.

Q. It was said by Mr. Williams, that most of these passes were exchanged by persons connected with other roads.

A. That is hardly so. We do exchange with other roads; they do send their list to us, and we send ours to them.

Q. Is it other than a complimentary act, or is there some advantage in it?

A. I think there is, sir.

Q. Why so?

A. It brings business to the road, sometimes.

Q. Are you not accustomed to pass gentlemen of your road, who come to Boston daily,—who, in point of fact, give no business to the road,—gentlemen accustomed to visit Boston daily on their business here,—who have a place of business in Boston,—and come over that road free, simply because they happen to be directors on any road?

A. Yes, sir.

Q. What advantage is that to the railroad?

A. It is none, as I can see.

Q. Doesn't it result that a gentleman living on the line of the road, having a place of business in Boston, goes daily free over the road, simply because he is a director in a road, and doesn't the road thus lose his daily fare?

A. Yes, sir.

Q. Why should such passes be continued?

A. It is stopped, as I understand, now.

Q. Are there no such cases now?

A. No, sir; not that I know of.

Q. Are there not cases where gentlemen, having offices in Boston, being directors in some of these branch lines of which you speak, go over the road daily without paying their fare?

A. Not that I know of; I should not be likely to know of it. The annual passes come from the president.

Q. Except the matter of tickets, you have nothing to do with it?

A. Nothing at all, except with the tickets.

Q. You have no relation to the freight?

A. No, sir.

Q. (By Mr. WILLIAMS.) Can you inform us of the amount that is lost per day by the issuing of free passes, at the worst?

A. I think some days the free passes amounted to some three or four hundred dollars, in the warm weather. I speak of the trip passes. The others I don't know anything about,—the annual ones.

Q. Take the trip passes, on an average, through the year.

A. It would not amount to anything like that.

Q. Well, \$100?

A. Yes, sir; I should think it would,—to \$100 a day.

Q. One hundred and fifty dollars?

A. I should think not.

Q. And the way passes would be in addition to them?

A. Yes, sir.

Q. What do we understand by a trip pass?

A. A trip pass would be, for instance, from Boston to Portland, and return.

Q. Why do you give them out?

A. I do not know; it is on account of business, of freight, or something of the kind.

Q. But in the warm season, is it not a fact, that these passes are given to people who go down to the sea-shore?

A. Yes, sir.

Q. Why should such persons have free passes from your road? A gentleman coming from Chicago, no matter how distinguished, who is going down to Beverly Farms, on a visit, with his wife, and his wife's sister, why should they have free passes?

A. I know of no reason.

Q. Don't they?

A. Yes, sir; but it has been stopped now, sir.

Q. Then, there are none such now?

A. No, sir.

Q. (By Mr. OSGOOD.) Do you think this matter of free passes was an outgo to the road; whether or not, the issuing of a pass would send business, as you have noticed; that when there is a pass, others may go with it, and pay their fare?

A. Yes, sir; I presume that is so.

Q. In that way the issuing of a pass would not be an entire outgo to the company. For one pass issued, three or four persons, who perhaps, would not otherwise go on the road, would buy their tickets?

A. Yes, sir; in that respect, it would be a benefit to the road.

Q. (By the CHAIRMAN.) Was it not, in the main, intended as a business operation?

A. I presume it was, originally, sir.

Q. Then, when you gave a ticket to a member of the press, you looked upon it as a business operation?

A. Yes, sir.

Q. Not a mere complimentary act?

A. No, sir.

Q. I am speaking of the parties who went to Conway and Portland in the warm weather ; a large percentage was given to advertise the road ?

A. I dare say it was.

Q. And it was adopted as a business operation—a form of advertisement ?

A. Well, sir, I do not know ; I was not behind the scenes.

Q. Of course, if any man came into this Eastern road, and asked for a pass, he got it ; that was the policy ?

A. No, sir.

Q. In the summer season, considering the new route to the White Mountains, and that you were competing with other roads, that was considered an advertisement for the travel ?

A. In that case, yes, sir.

Q. Therefore, in the main, it was a business act, and intended as an advertisement of the road ?

A. In that case, yes, sir.

Q. (By Mr. NOBLE.) Have you discovered a loss by stopping these particular passes ?

A. Not that I am aware of.

Q. Isn't your opinion in favor of the present system ?

A. Yes, sir. I do not think we should give a free pass to everybody who asks for it ; or, at least, as freely as we did give them. I think we shall gain by the present system.

Q. (By Mr. JAMES.) Isn't it a rule for all railroads to give hotel clerks and proprietors free passes ?

A. Yes, sir ; generally.

Q. (By Mr. MOSELEY.) Wasn't it really the fact that these free passes were given out on the basis that a man would put out \$1 when he thought he could get \$3 back again ?

A. I cannot say what the original idea was.

Q. Wasn't that the view of the president of the road at the time ? After this practice was stopped, wasn't it given out to everybody who asked for a pass that the road took a business view of it ?

A. I suppose, in a great many cases, it was.

Q. You have mentioned these hotels ; they are, in some way, a very large number, and you can have no doubt about the policy of giving them passes ?

A. That has been discontinued, sir.

Q. Do you think it is a wise step to return to it ?

A. No, sir ; I don't.

Q. You don't think that is a good thing ?

A. I think it is a good thing, if it is not carried too far ?

Q. You are more likely to get business by keeping on the right side of the hotel proprietors than almost anybody else ?

A. Yes, sir.

Q. (By the CHAIRMAN.) Now, take it in the summer season ; you say the free passes will amount to from \$300 to \$500 a day. Now, you don't mean to say, that if you hadn't granted those passes, you would have had

\$300 to \$500 additional patronage a day? You have no idea that all those persons would travel on the road?

A. Not a quarter part of them.

Q. We will assume it was \$400 a day; then the way you would work that problem out would be this: you granted \$400 worth of passes that day, and yet the actual loss of the day would not amount to over \$100, in that case?

A. No, sir; I do not imagine a quarter part of them would go over the road without going for nothing.

Q. So a quarter part would represent the actual loss to the road?

A. Yes, sir.

Q. Whether a good many passes were not given to drummers and salesmen?

A. Yes, sir; I understand there were; but that has been discontinued.

Q. They were given with a view to the freight that was carried?

A. Yes, sir; I presume so.

Q. (By Mr. OSGOOD.) I suppose a free pass is a good thing, if judiciously used?

A. Yes, sir; if not abused.

Q. (By Mr. NOBLE.) If you had no competitor, it would still be a good system to give free passes to your customers?

A. I do not wish to be understood so.

Q. You think, then, it is a good plan to give the preference to a sharp man, who comes to you and says, "I must have so and so, or will have so and so," and a good, honest man, who buys his goods and pays for them—you give the preference to the sharper?

A. I don't want to express an opinion about that, sir.

Q. (By Mr. HERWOOD.) It is simply this, is it not, Mr. Russell: So long as other roads give passes, your road must?

A. Yes, sir; more or less.

Mr. THOMAS. That is all, Mr. Russell.

JOHN B. PARKER—*Recalled.*

Q. (By Mr. THOMAS.) Mr. Parker, I have here a list of the payments made to Mr. Sanborn, who was spoken of by Mr. Dodge,—John D. Sanborn. That is the same person, I suppose, that Mr. Dodge spoke of?

A. The same person, sir.

Q. Between the twenty-fifth day of May, 1872, and the twenty-first day of August, 1873, inclusive, the list, as I have it, amounts, in the aggregate, to \$77,648.95. Please look at this list:—

" 1872—Mar. 25, J. D. Sanborn,	.	.	.	\$1,000 00
May 1, " "	.	.	.	500 00
10, " "	.	.	.	5,000 00
11, " "	.	.	.	5,000 00
15, " "	.	.	.	5,000 00
24, " "	.	.	.	3,000 00
June 8, " "	.	.	.	2,000 00
				\$21,500 00
Sept. 24, " "	.	.	.	2,000 00

1873—Jan.	11,	J. D. Sanborn,	.	.	\$1,000	00
	20,	"	"	.	.	1,000 00
Feb.	1,	"	"	.	.	1,000 00
	10,	"	"	.	.	2,000 00
Mar.	1,	"	"	.	.	7,000 00
	12,	"	"	.	.	4,000 00
	14,	"	"	.	.	2,000 00
Apr.	9,	"	"	.	.	6,500 00
June	6,	"	"	.	.	500 00
	7,	"	"	.	.	500 00
	13,	"	"	.	.	2,000 00
	16,	"	"	.	.	7,000 00
	24,	"	"	.	.	2,650 00
	30,	"	"	.	.	1,000 00
July	14,	"	"	.	.	8,677 25
	25,	"	"	.	.	5,121 70
Aug.	21,	"	"	.	.	2,200 00
						\$54,148 95
						\$77,648 95 "

Then, I have here copies of the receipts of moneys paid to Mr. Sanborn,—of all that are embraced in there. Will you please look at them, and tell the committee what that money was paid to Mr. Sanborn for? I believe all of those receipts relate to that year?

A. Yes, sir.

Q. What was that money paid to Mr. Sanborn for?

A. I understood that this was paid for the legal expenses of the road,—necessary expenses incidental to the procuring of property under the legislation incident thereto.

Q. What, from 1872 to 1873?

A. Yes, sir.

Q. Legal expenses, incident to legislation?

A. In looking up titles to lands, and various other work that was done, as I understood it, at the time these sums of money were paid.

Q. Well, can you tell how it is that the sums were paid to Mr. Sanborn, and not to the respective counsel employed, if, indeed, there were counsel employed?

A. Mr. Sanborn was made the disbursing agent of the company, and we paid the money directly to him, and he paid it to the parties that it became necessary to employ.

Q. Well, did you get the receipts of those parties?

A. No, sir; we did not. The only receipt—

Q. Where did he have his office,—Mr. Sanborn,—if anywhere, at that time?

A. I don't think he had his office in any particular place.

Q. Did he have any office in the state house?

A. Not that I am aware of.

Q. Not that you knew of?

A. No, sir.

Q. Well, there are no other vouchers, but these receipts, from Mr. Sanborn, I suppose?

A. Those are the only things we have.

Q. "Boston, May 11, 1872. Received of the Eastern Railroad Company \$5,000 on account. JOHN D. SANBORN." That is the only voucher you have?

A. That is the only voucher; yes, sir.

Q. Well, have you any paper filed in your office to show for what account he disbursed this \$5,000?

A. No, sir.

Q. Under whose direction was this money paid?

A. The president's and the general manager's; I should say the president's.

Q. Well, May 11, 1872, Mr. Lothrop was president?

A. Yes, sir.

Q. Well, how was it; did he come to your office and say, I want \$5,000, and you, under the direction of the president, gave him \$5,000?

A. That was the way of it, sir.

Q. And he gave you a receipt?

A. Yes, sir.

Q. And that was the end of it?

A. That was the end of it.

Q. Now, didn't he account to you for his expenditure? Let me be understood; Mr. Sanborn, as the agent of the company, was procuring some service, to be rendered by counsel, which counsel he employed, and to pay him he took money, from time to time, from you, on account. Well, didn't he render an account when he got through of how he disbursed this money?

A. No, sir; we have no account, whatever, except these receipts.

Q. Wasn't he asked to; didn't the president direct him to?

A. No, sir.

Q. Is there any officer, so far as you know, connected with the Eastern Railroad, who can tell where all those \$77,000 went?

A. I don't think there is one.

Q. Don't?

A. Excepting, perhaps, Mr. Sanborn. There are certain marks on the receipts there, and no doubt he can tell what they mean.

Q. But you cannot?

A. No, sir.

Q. Well, you are familiar with the business of accounts, and now I am going into the country, or about Boston, to settle some matter for you; I don't know how much I am to pay out; I say, give me enough money; hand me \$2,000; you give me that \$2,000; perhaps I employ four different persons, counsellors, or others; and don't you expect me, when I get through, to account to you for the disbursement of the \$2,000; and if there is any surplus, to pay it back to you?

A. We should, ordinarily; yes, sir.

Q. That would be your business way, Mr. Parker?

A. Precisely; yes, sir.

Q. And why it was not done in this case, you don't know?

A. I have no means of knowing; I think a fractional portion, the \$8,677.25 and the \$5,121.70, which is at the bottom of the list, as I understood, balanced the account of his disbursements; but the list of his disbursements, and whom they were paid to, I never saw?

Q. And the account of his disbursement, you never saw?

A. No, sir.

Q. (By Mr. SAWIN.) Don't you think that Mr. Sanborn explained to Mr. Lothrop?

A. I think he did, sir.

Q. He had the items?

A. I think he had the items in full.

Q. (By Mr. OSGOOD.) What was Mr. Sanborn's business, Mr. Parker?

A. I don't know his business, sir; I don't know in what business he was engaged.

Q. Is he the Mr. Sanborn who was known to fame in connection with the Sanborn contracts?

Q. (By Mr. WILLIAMS.) In collecting the revenues, on moieties?

A. I think it is the same person.

Q. The same man?

A. Yes, sir; I think it is.

Q. (By Mr. THOMAS.) Something was suggested to me about the legal expenses of this railroad—perhaps I ought to say *illegal* expenses of this railroad—for the last six months, or a year. I inferred, from what you told me, that you had ascertained the precise sum; have you?

A. Yes, sir.

Q. Well, what is the sum? What is the aggregate?

A. Of this year?

Q. Yes, sir.

A. I handed the paper to the Committee this morning; I haven't it in my mind.

The CHAIRMAN. The aggregate of what expenses, Mr. Thomas?

Mr. THOMAS. The aggregate of the expenses on account of negotiations, professional services, et cetera.

WITNESS. [Paper handed to witness by the Committee.] The aggregate this year was \$21,616.80.

Q. (By Mr. THOMAS.) During what period?

A. That was for the year 1875.

Q. (By Mr. OSGOOD.) Did all that go to Mr. Sanborn?

A. None of that went to Mr. Sanborn.

Q. (By the CHAIRMAN.) To go back a minute, where you left the witness in regard to Mr. Sanborn, you say no account was rendered?

A. No account was rendered to me.

Q. Well, certainly we don't want any reflections put where they don't belong. Did the company fail to get any vouchers or account from Mr. Sanborn, because Mr. Sanborn would not render it?

A. I think not, sir.

Q. You think Mr. Sanborn rendered all the account that the Eastern Railroad desired should be rendered?

A. I have no doubt of it.

Q. Therefore, that Mr. Sanborn's agency in the matter, as far as we know, was entirely honorable and above board?

A. I have no doubt about that, sir.

Q. (By Mr. THOMAS.) And I think you added, in addition to that, that Mr. Sanborn might have, for aught you know, accounted for it to Mr. Lothrop, the president?

A. Yes, sir.

Q. And Mr. Lothrop was the man, I suppose, he dealt with, and the man to whom he was required to account?

A. Entirely.

Mr. THOMAS. The point that I inquired about was this: not whether Mr. Sanborn hadn't rendered an account to somebody, but how it was that Mr. Lothrop hadn't turned over any vouchers, if he had any, to him?

The CHAIRMAN. Precisely; but I understand that—

Mr. THOMAS. I supposed he would; I didn't mean to imply anything.

Q. (By Mr. OSGOOD.) You said, in answer to my question, that Mr. Sanborn didn't get any of this \$21,616.80. Have you told who did get it?

A. I didn't hear you, sir.

Q. You said Mr. Sanborn got none of this \$21,616.80. Have you told the Committee who did get the \$21,616.80—to whom it was paid?

A. The names are on the list which I handed to the Committee.

Q. And will you be kind enough to read the list?

Mr. MOSELEY. This \$21,616.80 is the list, as I understand, of the legal gentlemen who have been employed, and I have no doubt it is all right; but it has nothing whatever to do with the other paper, and I suppose Mr. Thomas rather objects to this being public. There is no impropriety in the Committee's reading it.

Mr. THOMAS. Mr. Chairman, if there is anything to be seen to, I would not care to be placed here in the position of inquiring into the bills of other counsel, of which I know nothing, without advising them; I don't think it would be quite the position to place me in.

The CHAIRMAN. Well, Mr. Thomas, can there be any objection? It seems to me we ought not to discriminate and get in one expenditure. Is there any reason why those bills should not go on? If the charges are perfectly honorable, there can be no objection.

Mr. E. W. JAMES. I supposed my friend Thomas might think it was a little too high; I don't know anything else. They are high-toned, honorable men.

Mr. THOMAS. The chairman will appreciate my position. I would not like to investigate this matter; so far as I am concerned, I would not like to be, personally, and I would not like to be put in the position of inquiring into the amounts of bills rendered by counsel who had served the Eastern Railroad; and in criticising them without knowing anything about it, without advising them about the inquiry, I think it but fair—as one of the gentlemen whose name is at the bottom of that list, I think I should not care to inquire about the propriety of his bill without asking him, for I don't know what services he rendered about it.

Mr. OSGOOD. It seems to me, Mr. Chairman, this is a matter of public record, and there will be no impropriety in this going in.

The CHAIRMAN. As we are investigating how the Eastern Railroad spent the money, how are we to arrive at any conclusion without we have the facts?

Mr. SAWIN. As I understand, Mr. Chairman, these are expenses of the court, and all matters which pertain to the Eastern Railroad.

Mr. THOMAS. I didn't see the list until this minute.

Mr. WILLIAMS. The committee put it in, Mr. Thomas, and not you.

Q. (By Mr. NOBLE.) Why were they separated? Why wasn't the settlement made in full? Why separate at all the two pieces of paper? Did you suppose one was a legal transaction, and the other was not?

A. No, sir; one relates entirely to expenses in this State, and the other to expenses out of the State.

Q. The Sanborn payments are entirely out of this State?

A. The Sanborn paper is partly in this State, and partly out of the State; Mr. Sanborn disbursed no money this year for the company.

Mr. THOMAS. If the Committee will allow me, I supposed the difference about the inquiry was this: I presume if any gentleman—if I had myself, which I never did—but if I had rendered any services to the Eastern Railroad, and the Committee were inquiring about it, I suppose my bill would be found on the files of the Eastern Railroad, and it would there appear what I had done for the Eastern Railroad. Well, now, I infer that if any gentleman, whose name has been mentioned,—Mr. Russell, for instance (he was employed by the Eastern Railroad; no doubt there is a bill from Mr. Russell on file),—their inquiry, I may say, was this: how it came about that, in this case, there was no such voucher on file at all; nothing but just a receipt for parcels of money taken away; nothing to show how he disbursed it.

Mr. HAYNES. Well, just here, Mr. Thomas, it seems this bill is perfectly proper; these bills are for money paid to these gentlemen, and this seems to be perfectly legitimate and proper, while the other charges, which we desire to inquire about, are made in a lump. I think that would be the inquiry the Committee would like to get at; I don't see any impropriety in these charges.

The CHAIRMAN. Perhaps the Committee had better hold this matter in abeyance, and go on, sir.

Mr. NOBLE. I wish to put it in here, that this whole matter comes out from the Committee, and not through counsel.

Q. (By Mr. MOSELEY.) Here is another paper; this is a third paper. I will ask you to explain, and give the names and employment that they rendered, or services that they rendered. The paper is as follows:—

" 1874—Mar. 6, S. D. Leavitt, . . .	\$1,000 00
Apr. 18, John H. George, . . .	200 00
Sept. 22, J. E. Butler, . . .	1,000 00
Dec. 19, John Rand, . . .	400 00

\$2,600 00

1875—Feb.	12, C. B. Gaffney, ...	\$950 00
May	19, Hiram Knowlton, ...	1,000 00
	19, J. E. Butler, ...	1,000 00
June	5, F. Willcomb, ...	1,000 00
	21, F. Willcomb, ...	150 00
	23, Hiram Knowlton, ...	850 00
	28, William E. Hadlock, ...	221 00
	28, J. E. Butler, ...	2,000 00
July	8, F. Willcomb, ...	1,200 00
	21, J. E. Butler, ...	1,000 00
		\$9,371 00
		\$11,971 00."

A. "S. D. Leavitt, \$1,000"; that was for services principally rendered in Maine. "John H. George, \$200," was a retainer for services rendered in searching up titles concerning twenty-nine feet of land, etc., of the Boston & Maine Railroad. "J. E. Butler, \$1,000," was for services rendered in Maine. "John Rand, \$100"; he was the legal counsel for the company, at Portland; that was an amount paid him on account. "C. B. Gaffney, \$950," was for land services on the Conway road,—searching up titles, settling land-damages. "Hiram Knowlton, \$1,000; J. E. Butler, \$1,000," were employed in the State of Maine; the particular service, I don't know. F. Willcomb, to the amount of \$2,150, was principally in searching up a portion of the title of the Maine land, and for expenses incurred concerning the moving of the tracks at East Boston,—raising the tracks after misplacing them. "Hiram Knowlton, William E. Hadlock and J. E. Butler, \$3,071," were employed in the State of Maine,—for service rendered there; and the particular nature of that I don't know of; and "J. E. Butler, \$1,000," was for the same purpose, making an aggregate of \$11,971. That was for last year, 1874,—a portion of last year; \$2,600 was paid in 1874, and the balance was paid in 1875; the service was principally in 1874.

Q. (By Mr. HAYNES.) Now, Mr. Parker, can you go through the other list,—that of Mr. Sanborn,—and make that same explanation, or are not you sufficiently acquainted?

A. I have no means of explaining Mr. Sanborn's list, for the reason that the characters on the several receipts I don't understand. There are characters on almost every receipt that I presume Mr. Sanborn can explain, or if Mr. Lothrop were here, I have no doubt he could explain; to me they are unintelligible.

Q. (By Mr. OSGOOD.) Have you told the Committee, Mr. Parker, how much Mr. Sanborn got in the aggregate?

A. How much he disbursed in the aggregate?

Q. Yes; how much he disbursed in the aggregate.

A. Seventy-seven thousand six hundred and forty-eight dollars and ninety-five cents.

Q. (By Mr. SAWIN.) In what time?

A. That was from March 25, 1872, to August 21, 1873, a period of about a year and a half.

Q. (By Mr. THOMAS.) That had nothing whatever to do with the purchase of any property, and nothing to do with the purchase of any Maine Central stock, at all?

A. I think not; no, sir.

Q. What I mean is, you got no property for that; it was an expenditure for which you had really nothing to show?

A. I so understand it.

Q. Yes, no property to show?

A. No, sir.

Q. (By Mr. HEYWOOD.) He never had any authority to settle with any employé of the road, or anything of that kind?

A. I think not, sir.

Q. Do you know if he ever did?

A. I don't think that he ever did.

Q. (By Mr. THOMAS.) It was not in payment for any land or any damage?

A. Not that I am aware of.

Q. Nor for the settlement of any action or suit against the road?

A. I think not, sir.

Q. (By Mr. HEYWOOD.) Mr. Parker, did you ever make an effort to have an explanation, so that you, as treasurer, could understand where this money went?

A. I don't think I ever asked, sir; my authority was principally the president's warrant to pay thus and so; and when he was in the office he would direct me to pay it, and when out of the office he would send me a letter to pay Mr. Sanborn, or some other person, say \$5,000, on account.

Q. (By Mr. THOMAS.) I see, on the 12th of February, here is a receipt dated, on account of sundry bills, signed C. B. Gaffney?

A. That was the paper I just alluded to, in settlement of land-damages on the Conway Railroad.

Q. One thousand dollars on account, signed, Hiram Knowlton?

A. That is one I just testified to.

Q. I see here is one on account, signed also by John Rand?

A. He was the company's legal counsel at Portland.

Q. At Portland?

A. Yes, sir.

Q. (By Mr. MOSELEY.) Do you know anything about the defeat of the bill in the legislature, last year, which required the removal of the tracks of the Eastern Railroad?

A. I don't know, sir.

Q. At East Boston?

A. No, sir.

Q. Well, whom did you employ to look after that as lobbyist?

A. I think Mr. Willcomb was employed there.

Q. Well, what was his duty?

A. I don't know his precise duties. I suppose the simple object was to relieve the company from the expense of having the tracks removed or changed; how it was brought about, I don't know.

Q. Was there any other money paid, except this \$2,350, which it appears was paid through Mr. Willcomb?

A. No, sir.

Q. Does the Company pay him a regular salary?

A. No, sir.

Q. Then this money is used the same as the Sanborn money?

A. I so understand it.

Q. Paid to him when he says he wants it, and no questions are asked?

A. Yes, sir.

Q. (By Mr. HAYNES.) Mr. Parker, can you, within your remembrance, tell the Committee exactly what that Causeway Street land cost the Eastern Railroad; how much money was paid for the land?

A. I think we paid \$100,000, and I see the auditor, for the years in which it was bought, has apportioned the expenses appertaining to it as \$18,146.

Q. One hundred thousand dollars was paid for the land?

A. One hundred thousand dollars and the apportionment of the expenses, as the auditor classified them, incidentally, was about \$18,146.

Q. What would be the expense to cost \$18,000?

A. I don't know the particular expense; perhaps in searching titles, in relaying the wall, and, perhaps, in filling the lower end. I saw, in looking over the list of expenditures, that he has classified them in that way.

Q. (By Mr. THOMAS.) At the suggestion of some gentleman of the Committee, I asked Mr. Parker, last night, if he could furnish a statement of the property which he thought could be disposed of; is that it? [Handing a paper to witness.]

A. That is it, sir.

Mr. THOMAS. I will now put that into the case.

"Estimated Value of the Property of the Eastern Railroad Company not required for use of Road.

Lands,—

About 33 acres of land in Charlestown, known as the mill-

pond and flats, say 1,437,480 feet, at 4 cents, . . . \$574,992 00

Wharf lot in Charlestown, ... 20,000 00

Solid and marsh land in Somerville, ... 10,000 00

About 16 acres of solid marsh land at Revere, ... 16,000 00

" 100,000 feet in Lynn, solid land, ... 50,000 00

Mill-pond, in Salem, and lands on Castle Hill, ... 15,000 00

Lawrence, Mass., ... 30,000 00

Manchester, Mass., about 333 acres, ... 83,250 00

East Boston, solid land, 466,818 feet at \$1, \$466,818 00

" " Saratoga Street, 12,000 feet, ... 12,000 00

" " dock and wharves, 244,000 ft., ... 122,000 00

\$600,818 00

Less cost of moving shops and rebuilding

new, estimated at 250,000 00

350,818 00

Other lands, about 20,000 00

Estimate of the value of land that may be sold without detriment to the business of the road, . . . \$1,170,060 00

Stocks, etc.,—

15,274 shares Michigan Central stock, at 40, . . .	\$610,690 00
5,513 " Portsm'th, Great Falls & Conway stock, at 5, . . .	27,565 00
390 " Pullman Car Company, at 80, . . .	31,200 00
\$486,000 Portsmouth, Great Falls & Conway bonds, at 50, . . .	243,000 00
320,712 balances, ...	250,712 00
Cash and cash funds, ...	33,105 00
Coal, wood, etc.,—value for use only, \$263,589.	

\$2,366,332 00 "

Q. (By Mr. WILLIAMS.) Mr. Parker, I wish to ask you a question. There has been something said here about the time spent by different members of the investigating committee on the work,—Mr. Cummings, Mr. Williams and Mr. Lawrence,—how long did the investigation occupy, as nearly as you can recollect?

A. They commenced work about the 5th of August, and ended—my impression is—about the 15th of October.

Q. The 15th of October?

A. Yes, sir.

Q. Well, Mr. Cummings was the chairman?

A. Mr. Cummings was the chairman; yes, sir.

Q. How much of the time did he spend in the investigation, so far as you know?

A. I should say he spent a great deal of time; he was there early in the morning, and came down at intervals during the day, and came down in the afternoon; on the vouchers, and notes, and bills, etc., he was particularly industrious. I should say, during the time that he was there, he personally examined between four and five thousand; I think the number—I counted them up this morning,—is about 4,607 different vouchers that he examined, and checked on the cash-book and on the bill-book. I brought up with me this morning a bunch of the vouchers, if the Committee desire to see a little of the nature of the work that he did.

Q. Showing a little of the nature of the work that he did?

A. Yes, sir.

Q. Well, can you tell, relatively, the amount of work that he did, as compared with the work the other two members of the Committee did—in time spent, I mean?

A. I could not testify positively about that; but I should say that the labor that he did in examining the bills and vouchers was equal to the work of the other two.

Q. Of the other two?

A. Yes, sir; the same time that he spent there, in the examination, was equal to the labor of the other gentlemen.

Q. Do you mean one of the other two, or two both together?

A. One of the other two; they were not together continually. Mr. Cummings would come down early in the morning, and would run down in the day at any time, and call for the books and vouchers, and examine them, and return again in the afternoon.

Q. Then he was there frequently, according to your account, when the others were not there?

A. Very often, sir.

Q. So that he might have been there without their knowing it?

A. I think so.

Q. I think the Committee would like to see the vouchers which you have here.

A. I have brought up a small portion of one month's, only; they are what we call the expense vouchers of the road. It became necessary to examine each one—to examine, critically, each one of these. In the examination, each bill was examined by Mr. Cummings, and checked, either by himself or Mr. Williams, on the cash-book where it was paid. He criticised pretty sharply the items, in order, as I understood him at the time, to see if he could, in any way, suggest means to reduce the expenses.

Q. Well, now, something was said here about a change of system which was adopted by Mr. Williams and Mr. Lawrence in the investigation. Did Mr. Cummings still pursue his own system, which he started with?

A. Mr. Cummings suggested a change in the system—the change had partially begun—from one which was instituted, and it was intended to be restored. It had begun to be restored when Mr. Cummings suggested some improvement on that system, which was adopted.

Q. You are speaking, now, of the system of accounts, are you not?

A. Yes, sir.

Q. I didn't refer to that. I mean the system to be pursued by this committee, in its investigation?

A. I don't know about that, sir; I didn't hear of it. Mr. Cummings said to me, in the beginning, that the investigation was to be entirely exhaustive; meaning by that, it was to be thorough in every respect; and before he got through, he found it was.

Q. (By Mr. THOMAS.) Mr. Parker, I think before you leave the stand, it is proper that I should call your attention to the testimony of Mr. Lawrence in respect to an overissue of \$33,000 of bonds. He will be here to explain it; but as you are on the stand, I think it had better be explained by you before you leave.

A. There was, in point of fact, no overissue of bonds whatsoever. The Portsmouth, Great Falls & Conway road, by the laws of the State, and by their own stockholders, had the right to issue \$1,300,000 of bonds to finish the road, retire the mortgage bonds, and equip the road. Of that sum, the directors had voted to issue \$1,000,000. The Eastern Railroad held \$468,000 of that, as we supposed \$513,000 had been previously sold, and in placing collateral in the Merchants' Bank, with the National Trust Company, at Portland, and in the Bank of Commerce, we inadvertently put in \$33,000 too much. That is the explanation of the overissue. The bonds are not out of the company's possession in any form whatever, excepting as collateral for notes.

Q. And was that while the auditor was there?

A. Yes, sir.

Q. So that you had no part in it?

A. The transaction occurred in this wise: We were to receive from the Portsmouth & Dover Railroad 750 shares of their stock, and in payment for that we were to give them \$75,000 of our Conway bonds. The certificate was never issued, but a provisional receipt was given for a certificate when the stock should be issued; the bonds were given, and by an oversight were not charged,—the receipt was simply placed in the file of the bonds awaiting a return of the certificate of the road.

Q. An Eastern Railroad note is out in the hands of some gentleman or bank, as I understand, for \$50,000,—which note had been indorsed by Mr. Lothrop, and there were some bonds put up as collateral; is there any collateral for that note now?

A. The collateral for that note is Maine Central stock,—about 4,900 shares, I think.

Q. When was that collateral put there?

A. That collateral was transferred to the Newburyport Savings Bank, in Newburyport, on Mr. Wooldredge's leaving for California; it had previously stood in his name in trust for the indorsers on that note, and not that note only, but for several other notes, and all but that one had been paid by the company. Prior to his leaving for California, he transferred that stock to the Newburyport Savings Bank for the benefit of himself and Mr. Lothrop, as indorser. The bank accepted that, but it didn't release him as indorser.

Q. And then there had been substituted for these bonds this stock, before application was made to Mr. Lothrop for the return of that book?

A. I think so; yes, sir.

Q. Well, then, how do you account for this, that Mr. Lothrop directed Mr. Bishop to give up that book, or not, as in his discretion it might be proper to do?

A. I had no knowledge of that; the book was left with Mr. Lothrop, as I supposed, to finish up.

Q. In what account on your books is this sum advanced to Mr. Sanborn charged?

A. Profit and loss.

Q. Profit and loss?

A. Yes, sir; almost entirely.

Q. Then, we were right in saying there was nothing, in point of truth, to show for it?

A. Yes, sir.

Mr. JAMES. Mr. Parker, I wish to put in some papers here: What the road had to pay last December,—the month before they failed, and the month they did fail,—to show their standing, which are as follows:—

" Payments in December, 1875.

Interest on bonds, ...	\$58,940 00	
" on notes, ...	14,221 32	
		\$73,161 32
Notes payable due, ...		455,400 00
\$76,458.44 bills payable and pay-roll, about		136,331 47
		\$664,892 79

Payments in January, 1876.

Interest on bonds and rents, ...	\$151,327 00	
" on notes, ...	6,831 16	
		\$158,158 16
Notes payable due, ...		252,000 00
\$74,029 bills payable and pay-roll, about		112,845 63
		\$523,003 79

"MARCH 20, 1876."

Mr. HAYNES. Mr. Thomas, the Committee have decided that the bill of items should go into this statement of testimony. The bill is as follows:—

"Legal Services.

Woodbury, Charles Levi, ...	\$1,332 00	
" " " 	185 00	
" " " 	2,000 00	
		\$3,517 00
Russell & Putnam, ...	1,000 00	
Russell, W. G., ...	2,000 00	
Hoar, E. R., ...	500 00	
Bartlett, S., ...	500 00	
Robinson, Charles, Jr., ...	7,500 00	
Ives & Lincoln, ...	2,965 30	
Butler, B. F., ...	3,000 00	
		\$20,982 30
Rand, John, ...	634 50	
		\$21,616 80"

Mr. JAMES. I have just received a letter from the assessor of Lynn, stating what this land has been taxed for in 1873, 1874 and 1875, which reads as follows:—

"CITY OF LYNN, ASSESSORS' OFFICE, March 22, 1876.

Eastern Railroad is assessed for land in Lynn, on and near State Street, for 1873-74-75, as follows:—

Lot on North side State Street.	\$12,000 00
on South side State Street, ...	20,000 00
	\$32,000 00

The valuation has been the same for the last three or four years.

SIMON J. RONEY, *Chairman.*"

Q. (By Mr. JAMES.) Can you tell how much rent the Boston & Maine Railroad pay for the wharf at Wolfborough?

A. Four hundred dollars a year.

Q. Do you know whether they have a lease of it?

A. I think they have a lease of it; a contract, at least.

Q. You haven't found out any particulars of whom they bought it, have you?

A. I have not, sir. I wrote to Mr. Avery, their treasurer, but have not received his reply.

Q. Have you found out how much the town of Wolfborough paid the road?

A. I have not.

Q. Cannot you find out by your books?

A. We have no books of that road. The road was built by the Wolfborough corporation; the Eastern road was to furnish a portion of the money to complete it; and the original books of the corporation have never come to the Eastern Railroad; they are still in the possession of the Wolfborough corporation.

Q. Do you know of any Act of the legislature, passed by Massachusetts, that gives the Eastern Railroad the right to take Conway stock?

A. No, sir.

Q. You didn't want that trustee of the Conway stock, did you?

A. No, sir.

Q. Is not that just the same as Maine Central stock?

A. My impression is, that application was made to the legislature of Massachusetts for the Act, and they did it, but it came directly to the Eastern Railroad through the Eastern Railroad of New Hampshire.

Q. Now, the Eastern Railroad in Massachusetts have got no lease of the Conway road, have they?

A. Yes, sir; the lease is direct.

Q. To the Eastern Railroad of Massachusetts?

A. Yes, sir; to the Eastern Railroad of Massachusetts; the lease is printed in the report, I think, of 1874.

Q. Will you find it and show it to me? I find a lease to the Eastern Railroad of New Hampshire, who consent to the Eastern Railroad of Massachusetts.

A. I think I am wrong, Mr. James; the lease runs to the Eastern Railroad of New Hampshire, consigned to the Eastern Railroad of Massachusetts leasing it.

Q. Consequently, we have no lien on the Eastern Railroad, whatever?

A. No, sir; except on the Eastern Railroad in New Hampshire.

Q. (By Mr. THOMAS.) Will you tell me in what item of your report, which you made to the legislature, this expenditure of \$77,000 appears.

A. I think that appears—my impression is—in the profit-and-loss account.

Q. Have you a profit-and-loss account in your return to the legislature?

Mr. WILLIAMS. The railroad commissioners', you mean, don't you?

Mr. THOMAS. Their annual return; yes, sir, the railroad commissioners'.

A. I could not answer that question now, but my impression is, it was divided, as nearly as it could be, into the various questions that they asked. They had a form printed, in which the expenses of the road were required to be divided; and my impression is, that the auditor divided them into those expenses, as nearly as he could.

Q. Well, but, Mr. Parker, what means had he of determining how much was placed in one way, and how much in another, if he didn't know what any of it related to?

A. It was his judgment, entirely; he knew the nature of the expenditures, and he used his best judgment, I have no doubt, in classifying them according to the different items.

Mr. JAMES. I want to put in the following letter, which I have just received from the assessor of Lynn:—

“The lot of land, rear of Market Street, Lynn, containing two and a half acres, was valued by the assessors, for the year 1870, at \$4,500. Taxed to “estate of John Alley, 3d.” Sold to Eastern Railroad Co.

RUFUS KIMBALL, *Assessor of Lynn.*”

TESTIMONY OF FREDERIC P. WILLCOMB.

Q. (By Mr. MOSELEY.) Will you be kind enough to tell the Committee what you did with this money, that you received on June 5—\$1,000?

A. That was paid out—that money I had—and I can say it was for two years; it went into 1874 and 1875. That money was paid out to different parties.

Q. To whom, and for what?

A. I don't know as— I will state distinctly,—though I don't know as, perhaps, the Committee want to know,—but I will state, that not a dollar went to a member of the legislature, in either branch, directly or indirectly, to my knowledge; and not a dollar went to any person in the state house.

Q. I prefer to have you give names?

A. Some of it went to Mr. E. D. Foster, who is well known to all parties here.

Q. He is a brother lobbyist, is he?

A. Yes, sir.

Q. And who were the others?

A. I think Mr. Nichols; I think I paid him some.

Q. He is of the same family?

A. Yes, sir.

Q. How much did you pay Mr. Foster?

A. I don't remember, now; I looked for the items last night, after I had this notice, but I couldn't find it.

Q. (By Mr. SAWIN.) Did Mr. James have any of it?

A. I presume he did. As I said before, it was for two years,—1874 and 1875.

Q. (By Mr. MOSELEY.) How did you happen to get it all so late in the year? You paid out money in advance?

A. No, sir; not very often.

Q. Did you pay Mr. Munroe anything?

A. No, sir; I never paid him anything.

Q. Well, I wish you would try to refresh your memory; I want these amounts. It seems to be \$2,350 that you received, June 5, June 21 and July 3?

A. Mr. Day had some, and Mr. Young had some.

Q. What Young?

A. Mr. George Young.

Q. Who is Mr. Day?

A. He is a man about the state house, some.

Q. (By the CHAIRMAN.) Did you say you paid Mr. James some?

A. Mr. James? yes, sir.

Q. (By Mr. MOSELEY.) How much did you pay Mr. James?

A. I think he had \$50 at one time. I don't know what he had the year before.

Q. How much did you pay Mr. Foster?

A. I don't remember what.

Q. Can't you give a single amount, as a starter?

A. It might have been— I can't say, for a certainty— I will say, in relation to this, that Mr. Hatch was the man I did the work for. I never made any agreement with him about any pay for services by myself. He said to me he wanted me to look after matters at the state house, in a general way, and I did so, and employed these men, and after we got through, I went to him and told him how much money I wanted. He paid me some on account, and the balance when we got through. He told me what he wanted, and I went and did it. So far as any work I have ever done here, I would just as leave the Committee and the public would know it.

Q. What did Mr. James do for you?

A. Well, he can tell. It was a matter there were two sides to, as there always is in the legislature; and it is better for a man to be for you, than against you.

Q. (By the CHAIRMAN.) Did you pay him \$50 for his silence?

A. I can't say that I did that.

Q. What did you pay it for?

A. I suppose I paid it for what influence he might give,—the same as any of these other men. If a man is up here, it is better to have him for you, than on the other side, talking against you. Perhaps if we hadn't employed him, the other side would.

Q. You paid him \$50 to stand neutral, and not fight you?

A. No, sir; but to help me in relation to any matters that the Eastern Railroad have here.

Q. You paid him \$50, so as to be sure he wouldn't be against you?

A. Yes, sir; I will say that.

Q. (By Mr. HAYNES.) You were here at the time that land was taken on Causeway Street, from the Boston & Maine road?

A. In 1872, was that?

Q. Yes, sir?

A. I think I was here.

Q. The money paid out to influence legislation in that case went through Mr. Sanborn?

A. Yes, sir; he had entire charge.

Q. Have you any idea what it cost to get it through the legislature?

A. No, sir; I have heard what it cost.

Q. What?

A. I have heard it cost ten or twelve thousand dollars.

Q. I know it was generally reported that it cost \$40,000.

A. No, sir; I never heard that.

Q. That money was received and disbursed by Mr. Sanborn?

A. I presume so; I know I had considerable trouble in that matter. Men came to me—outside parties, who don't come to the state house—and said Sanborn employed them, and they wanted me to pay them. I told them to speak to him; that I didn't pay anybody I didn't employ; I knew nothing about it. I never heard that it cost so much as \$40,000; I had heard it cost \$10,000, and I heard \$15,000, but I never heard \$40,000.

Q. It was evident, about that time, that he received \$77,000 for some service.

A. I don't so understand it. He received that for two years, and it took in the legislature of 1872 and 1873. He received it in March, and that would take in the legislature of 1872; and what he received after August, 1873, was spent in three different States; I presume a good part of that money went into the State of New Hampshire, and the State of Maine; it was for two years, I understand.

Q. (By Mr. MOSELEY.) Did you state that you paid Mr. Munroe any money?

A. No, sir; I never paid him anything.

Q. How did that happen?

A. I never employed him, and that is the reason I never paid him.

Q. You said you thought it better to have a man for you, than against you?

A. Yes, sir.

Q. (By the CHAIRMAN.) Do you think it is also better to have some men against you?

A. Sometimes it is.

Q. (By Mr. MOSELEY.) Was that your reason for not employing him?

A. I don't want to say. I might go on and say, in that way, why I didn't employ a dozen men.

Q. You can't recollect anything about this: I see that this removal of the railroad tracks was killed in the Senate on May 6,—or it commenced then, and didn't get its final death until the 17th,—in this matter, besides the Eastern Railroad Company, there was also the Boston & Albany, and the Boston, Revere Beach & Lynn Railroad Company. Did you work for either of these corporations?

A. No, sir; I had only the Eastern Railroad matter to look after.

Q. You were captain for the Eastern Railroad?

A. I looked after their business.

Q. Who looked after the others'?

A. I don't know; I presume other parties were employed, but I don't know who.

Q. As a matter of fact, I suppose you remember not to keep any accounts, don't you?

A. I kept it on a piece of paper, and told Mr. Hatch what I wanted.

Q. And tore it up?

A. And tore it up.

Q. It isn't a good plan to keep these state house accounts standing long?

A. I don't know. All the objection would be, if I paid one man \$50, and another man \$100, he might come and find a little fault. In any matters here, where I have spent money, I am just as willing they should show, as any transaction I ever had in my life. As I said before, not a dollar went to any member of the legislature, or to any official in the state house.

Q. Whom did you take into Young's to treat? Was that a lobbyist?

A. I don't know as I went to George Young's. It was George Young, at the state house.

MR. MOSELEY. I thought you had taken some one down there, and I didn't know but it was something I had lost.

Q. (By Mr. JAMES.) The Eastern Railroad, after electing Mr. Cummings director—

WITNESS. Perhaps, Mr. Moseley, I had better explain something more of this, before I go on. Some of these men were at work upon the bond-bill, near the close of the legislature, and they said they thought they ought to be paid for it. I said I had no authority to pay for it. It was at the close of the session of 1874, and I said to Mr. Hatch that he had better pay them; that he had better have their good-will, than have them against him. That was why it was put in the bill; but it was never paid till in July, after the legislature closed, in June. Now, Mr. James.

Q. The Eastern Railroad folks wanted Mr. Cummings to be elected a director of the Boston & Albany Railroad, didn't they?

A. I don't know that they did.

Q. Didn't you want him elected?

A. Yes, sir.

Q. Didn't you bring me a ticket with Mr. Cummings' and Mr. Hayes' names upon it?

A. I don't know. If I did, I had a motive in it; but the Eastern Railroad never said anything to me. Mr. Cummings had just been elected a director in the Eastern Railroad, and I presumed it would be a benefit to them to have him a state director in the Boston & Albany road. That was the only reason why I went for it.

Q. What was that \$50 paid to me for? Wasn't it for what I knew about the East Boston lands, and for the election of Mr. Cummings as a director?

A. Nothing about Mr. Cummings.

Q. Didn't you give me a ticket?

A. I don't deny it. I went for Mr. Cummings as one of the directors.

Q. And I took it for granted you were hired by the road, and I did it.

A. I don't want the Committee to understand that I was hired by the road for that. I thought it would be better to have him elected, and so I went for him.

Q. Have you heard of any money being raised by outside parties to elect Mr. Cummings?

A. I don't know what that has got to do with this case.

Q. Why, the testimony has gone in that he never knew anything about it.

A. I don't think what I have heard has got anything to do with this case. If Mr. Cummings' friends done anything, it is nothing—

Q. Didn't you hear that Mr. Skillings paid in money to put him there?

A. It is for the Committee to have me answer rambling questions?

The CHAIRMAN. I don't think we should have mere hear-say conversation, casting imputations upon people, unless you have got the evidence to back it up when submitted to the Committee.

Mr. JAMES. If you will summon Mr. Johnson, of Newton, he will give the testimony.

WITNESS. I am ready to answer any questions.

The CHAIRMAN. We want to know what you know, and not what you have heard.

Q. (By Mr. THOMAS.) I want to understand this, and I beg you will answer me. You will understand that I don't want to reflect upon any one. I want to ask a question, as a matter of business; I assume that your business was all regular; that there need be no concealment about it, and that you employed A and B as vote-distributors. Assuming that those gentlemen's engagements were entirely proper, and not unlawful, and it was needful to employ vote-distributors and pay them for their services, won't you tell me how it came about that, when you had had a certain amount of money previously to your transaction of this business, or at the close of this business, you didn't render an account showing exactly what you paid A and B, and exactly what you retained for your own services, and given a receipt in full, just as you would have done if I had employed you to buy a factory or a farm, and you had come to me and said, I want a thousand dollars for this business, and I had handed it to you, and you had accepted it and returned me an account? Why didn't you do it in this case?

A. Because Mr. Hatch went away. If he had remained and settled with me, I should have rendered a bill of the money paid, and where I paid it.

Q. You said it was upon a piece of paper, and it was shown that you destroyed that. My inquiry is this (and please regard it as a matter of business): I hand you a thousand dollars, and you say you are going to use it in my service. Now, when you had disbursed part of it, why shouldn't you render an account?

A. I said I went to Mr. Hatch and told him how much money I wanted, and he told me to pay these different men.

Q. But you didn't render any account of what you retained for your services, and what you paid to others?

A. No, sir.

Q. You gave nothing but a receipt for so much money, on account, and you cannot tell how much you paid to different parties?

A. I say the bill was rendered, and it was paid to these different parties.

Q. But, if he was to ask you, to-day, you couldn't tell how much you paid to each one?

A. No, sir; I would have to estimate it the best way I could.

Q. (By Mr. JAMES.) Have you settled with the Eastern Railroad for last year?

A. No, sir.

Q. They still owe you a bill?

A. Yes, sir.

Q. (By Mr. MOSELEY.) How much of a bill do they owe you?

A. I have a bill of \$1,500 for my services.

Q. Then you, as one of the bondholders, want this bill passed, that is pending?

A. Yes, sir.

Mr. HAYNES. I suppose he would come in as a creditor.

Mr. MOSELEY. They are all alike. If you have done with this witness, I would like to ask Mr. James a question. Mr. James, you will take the place, if you please.

Mr. JAMES. If you should summon me, I am here.

The CHAIRMAN. Will you accept the invitation of the Committee?

Mr. JAMES. If you want me, I am here. I am an innocent man.

TESTIMONY OF E. W. JAMES—*Sworn.*

Q. (By Mr. MOSELEY.) You have given a good deal of attention to this matter, and I should like, as one of the Committee, to have you go on for a little while, in your own way, and give us the plain facts about it.

A. What facts do you want?

Q. Anything that occurs to you in regard to this investigation.

The CHAIRMAN. Let us have that defined, somewhat,—what he actually knows.

WITNESS. What point do you want? About not calling the meeting, or what? Anything you ask me, I will testify to.

Q. (By Mr. MOSELEY.) Can you tell me anything about the defeat, in the Senate, of the bill for the removal of the Eastern Railroad tracks in East Boston.

A. I don't know much about it. Being the only Boston man up here who knew all about the land, and the land surrounding it, in East Boston, and being in the land business, I had looked up the titles to the land for the twenty-nine feet, and what was paid for it, and he gave me a \$50 bill; and he brought me tickets in relation to Mr. Cummings, and with Mr. Palmer's name on, and I said, "I will take Cummings' and Hayes'." I distributed the tickets, and I should do it again.

Q. Will you give us the facts about the land acquired of the Boston & Maine road?

A. In relation to the Boston & Maine land, Mr. Sanborn came to me, about the month of August, and wanted me to find all the owners who owned it originally, when it was a canal; when the Boston & Maine got in there, and all the particulars; and I commenced, and got all the facts

in the registry of deeds, and went to city hall and found out what they bought of the city, and found all the particulars about that, and found all the witnesses and what they would swear to; and along about in November, Mr. Perkins, of the Boston & Maine, wanted me to drop the investigation in full, and I said, "No, sir; the Eastern Railroad wanted me to do this business, and I don't sell out." Mr. Sanborn told me to bring in a bill, and I did so. I told the facts to Mr. George, and he had \$200 for coming here and arguing the case. The books show. The land, there,—the twenty-nine feet,—the sixty feet belonged to the Commonwealth of Massachusetts,—where they originally brought boats in there to land passengers going up the canal. Mr. Coggs well says he and Mr. Brown always got along on good terms; and he said they built a wall across there, and our folks would fill it,—I believe they called it squatter sovereignty; and they filled it up, and everybody who lived in this part of the city dumped ashes, or anything, there. About the October following, he and Mr. Brown went out there and paced it off, and the Eastern took one-half from the Commonwealth and the Boston & Maine took the other half, and gave each other a quit-claim deed in consideration of one dollar. That is how there came to be two pieces of land. When the Boston & Maine found the Eastern wanted to get the other piece of land, they came up here and claimed that the Boston & Maine owned it; but I gave these facts to Col. George and others, too. Mr. Train commenced a suit against both parties, and, like the lion and the lamb, they laid down together and settled it.

Q. Which was the lion?

A. The Boston & Maine.

Q. (By the CHAIRMAN.) What did Mr. George want you to do?

A. Get all the facts and witnesses in relation to the land.

Q. Where were the facts obtained?

A. At the registry of deeds, city hall, etc. I examined the titles.

Q. Is that your business?

A. Yes, sir; I am a conveyancer; and if you have any business, I should be happy to do it for you.

Q. (By Mr. MOSELEY.) Tell me about the getting of the legislation that enabled the Eastern Railroad to acquire this land of the Boston & Maine—tell me about that, please?

A. Mr. Sanborn had charge of it, and Mr. George was his attorney; I don't know but Charles Levi Woodbury was there one day with him, but Mr. George was the man who managed the affair, and I got the witnesses.

Q. That was in this building?

A. Yes, sir. He asked me to go and get the number of feet, and who it was taxed to; I found the number of feet occupied, and that the brick-yard, and this great piece of land, and any quantity more of it, had never been taxed to any one. Mr. Hills, the assessor, spoke to me about it afterwards, and it was taxed.

Q. This \$77,000—a large portion of it was paid out for that?

A. No, sir; I guess you will find that that \$77,000 went down in the

State of Maine; I guess Mr. Woodbury can explain that, about the Knox & Lincoln Railroad; I wasn't there.

Q. Where was Mr. Sanborn's office in the state house?

A. Never knew he had any office in the state house.

Q. Well, he had some place where, if individuals wanted to find him, they could be pretty sure to meet him?

A. He would be at the Adams express office, at Rockport, and all about.

Q. Didn't he have a place down in the engine-room, where communication could be made with him?

A. I don't know; I think Mr. Willcomb knows more about that than I do.

Q. You looked up the title to this land; is there anything you can tell us, that we haven't heard, about the Lynn lands?

A. I have put in all the facts, except the parties I asked you to summon; that is all.

Q. Is it a fact that there has been somebody connected with the road that has made some money out of it?

A. I can't swear to it; you want me to say what I have seen with my own eyes; I am under oath now; I want to tell the truth, if I don't belong to any church.

Q. But you are asked to tell what you know?

A. Yes, sir.

Q. I suppose a man knows a great many things he don't see with his own eyes; you know this world turns round, but you don't see it.

A. I only want to swear to what I know.

Q. (By Mr. SAWIN.) Have you any bill against the Eastern Railroad now?

A. No, sir; I have not. I ought to have a bill against them for what I paid for the stock I own; that is clear robbery,

Q. (By Mr. MOSELEY.) How much stock do you own?

A. Eight shares; and it cost me 109, and I sold good bonds to buy it with.

Adjourned to Friday, March 24, at 9 A. M.

TENTH HEARING.

RAILROAD COMMITTEE, GREEN ROOM, STATE HOUSE, BOSTON, }
FRIDAY, March 24, 1876. }

The Committee met at 9 A. M. Mr. WILLIAMS in the chair.

TESTIMONY OF MR. FRANK JONES.

Q. (By Mr. THOMAS.) Your full name is Frank Jones; no middle name?

A. No, sir.

Q. When were you first elected a director in the Eastern Railroad?

A. I think three years ago last February.

Q. And entered upon your duties immediately?

A. Yes, sir.

Q. When did you first know of the purchase of Maine Central stock by anybody for or on account of the Eastern Railroad?

A. I never knew there was any purchase by anybody until after I was a director.

Q. How did it come to your knowledge then?

A. It didn't come to my knowledge; but when I was first a director I understood there were parties buying the Maine Central stock.

Q. You understood parties were purchasing it on their individual account?

A. I didn't understand, nor did I ask the question. I thought that was a matter for the parties purchasing.

Q. You didn't suppose it was a matter that concerned the Eastern Railroad, any further than the influence to be exerted by the men who bought the stock?

A. In reference to what time?

Q. When you first knew about their purchasing it.

A. No, sir.

Q. Do you remember the first time you heard about it, and through whom?

A. I couldn't tell the date.

Q. Can you tell about how soon after you were elected a director?

A. I should say within a year.

Q. Through whom did you obtain knowledge of it? Perhaps, Mr. Jones, you had better state it in your own way.

A. What did I understand your question?

Q. Through whom did you obtain any knowledge that the Eastern Railroad were interested or to be interested as owners in the stock of the Maine Central Railroad?

A. I think Mr. Lothrop was the one who first told me.

Q. What was the plan, if there was any; what was to be done, and what was done?

A. I will state the conversation, to the best of my memory. One day, in his office, he came and spoke to me, or I to him, about the purchase of Maine Central stock, and I think he said there was an arrangement made which was to be completed, that they were to consolidate the two roads, and the Maine Central stock was to come in at 80, and the Eastern Railroad at par; as to how much the road had paid parties, or who the parties were, I do not know, and he didn't state to me, and I didn't make any further inquiries at the time.

Q. Did you buy any of the Maine Central stock yourself?

A. I did, sir.

Q. Did you sell it?

A. I did, sir.

Q. Did you ever transfer any stock to the Eastern Railroad?

A. No, sir.

Q. Did you know of the purchase, afterwards, of the stock of the Maine Central by the Eastern Railroad?

A. I knew afterwards, but I cannot call it to mind, unless I had time to think. I would state that I said to Mr. Lothrop, after he was elected president, that I would either sell what Central stock I had or would buy enough to control the road. The reason I said that, I was satisfied from what reports had come to me, that they intended to issue more stock, and if they did, what the Eastern Railroad had would be worthless.

Q. Then, if I understand you, the Eastern Railroad had become owners of the stock, and you found it might not be a majority to control the Central road, and advised that either they should throw up what they had, or come forward and buy more?

A. No, sir; I don't understand it in that way. I said I should sell what I had, if I could.

Q. By that you meant the Eastern Railroad should sell it.

A. Yes, sir.

Q. That it was Mr. Lothrop's duty, to buy enough in the road to control a majority of the stock, to save the road from any one else; his duty as president?

A. Yes, sir.

Q. You mean, not his duty as an individual, but in behalf of the road?

A. Yes, sir; in behalf of taking care of the property they already owned.

Q. Had you any agency in the purchase of any stock in the Maine Central?

A. No, sir; I never bought a share.

Q. Were you present at the meeting of the directors when this vote was passed, which purports to confirm the doings of the directors, in the

purchase of this stock, or the doings of the finance committee, May 10, 1875?

A. I could not say without referring to my records. The records of the directors will show.

Q. It is the vote that the purchase of the Maine Central stock, made by the finance committee, be approved?

A. I think I was not at that meeting, but the records will show. I have attended nearly all the meetings.

Q. Do you know about what was a fair price for Maine Central stock when you advised this sale by the Eastern Railroad?

A. I do not understand.

Q. What the Maine Central stock was selling for at the time when you advised Mr. Lothrop to sell, or procure enough to control the road?

A. I think it was talked over, if they could sell it for 65, they had better sell it.

Q. Did you know what it was selling for in the market?

A. I think it was selling for 75.

Q. Do you know anything about the purchase of Judge Rice's stock?

A. No, sir; not until long after it was transferred.

Q. Did you ever personally examine the books and accounts of the Eastern Railroad, or were you on the committee on the investigation?

A. No, sir; I wasn't on the committee. I made inquiries several times of the treasurer, as to the state of the road, but I never made any examination,—not myself, thoroughly.

Q. Had you anything to do with the loan placed upon the market by Richardson, Hill & Co.?

A. I was not a member of the finance committee, so I had nothing to do with it.

Q. Had you anything to do with the disposal of the Portsmouth & Conway bonds?

A. No, sir.

Q. Had you anything to do with the purchase of any of the property? Had you anything to do with the purchase of the sugar-house estate?

A. I never had anything to do with the purchase of any of the property of the road.

Q. Not of the lands at Charlestown?

A. No, sir.

Q. Did you know anything about the purchase of this land at Bar Harbor?

A. I think I might have heard Mr. Lothrop say something with regard to the Bar Harbor property, but I never knew anything about the purchase until it was made.

Q. Do you know what Mr. Sanborn had to do with it?

A. No, sir.

Q. Do you know what Mr. Ward had to do with it?

A. No, sir; I do not know about any one having anything to do with it.

Q. Do you know anything about the purchase of the property at Lynn?

A. No, sir; I think that was all purchased before I was a director.

Q. Had you any knowledge of the destruction of the depot building there?

A. Yes, sir.

Q. Why was that done? Why was the building demolished?

A. The understanding was, because we wanted to get it out of the way; that the road didn't want to make too many stops. I was opposed to tearing down the depot?

Q. Whose act was it, tearing it down?

A. I won't say now, but the records may show whether the directors voted to tear it down. I think I was placed on the committee with Mr. Lothrop, when the citizens of Lynn were asking of us to stop trains there.

Q. But there was no petition to tear the building down?

A. No, sir.

Q. But the station was not discontinued before the building was destroyed?

A. Yes, sir.

Q. As Mr. Williams said, it might have been turned into other uses.

A. Yes, sir; I wouldn't say whether there was any vote to tear the building down.

Q. Do you— You are under the impression that it was the act of Mr. Lothrop?

A. I don't say that; if there was a vote authorizing him to take it down, of course he had the right to do it.

Q. Do you know anything about the employment of Mr. Sanborn?

A. What Sanborn?

Q. I think his name was John D. Sanborn.

A. I do not, sir; there is another Sanborn—John W. Sanborn—connected with the road.

Q. There seems to have been a very large disbursement to him, amounting in the aggregate to \$77,000 or \$78,000?

A. I knew nothing about it, except that I knew Sanborn. Before I was a director in the Eastern, I was a director in the Maine Central, and he had something to do in the legislature, but I do not know by whom he was employed.

Q. Do you know what he was employed to do?

A. To look after the interests of the road, I suppose,—if he was employed at all.

Q. Can you account for this very large expenditure of money which is said to have passed through his hands?

A. No, sir; I don't know anything about it.

Q. Was it ever brought to your knowledge afterwards?

A. The amount; no, sir.

Q. Was it brought to your knowledge that he was employed at very considerable expense?

A. No, sir.

Q. Did you know he was receiving large sums from the treasury?

A. I did not.

Q. Did you ever approve any bills brought in?

A. Who by?

Q. By anybody; against the Eastern Railroad?

A. I do not have any recollection of it; unless I approved them after the approval of the proper officer.

Q. Who did approve them?

A. The president and general manager, I think, sir.

Q. After the dismissal of the general manager, they were approved by the president?

A. I suppose so; or sanctioned by the superintendent, as might be.

Q. Well, then, is it this: that you were a director of the Eastern Railroad, and were not, either as a committee or personally, engaged in the purchase of any property for the Eastern Railroad, or sold any property to it?

A. I never purchased any property for the Eastern Railroad, except some lands in Portsmouth.

Q. What were those?

A. I think it was land—formerly the Sagamore Mill—which I bought myself at the cost I turned it over to the road.

Q. You turned it over at the same price you paid for it?

A. Yes, sir.

Q. You bought it, intending it for the road?

A. No, sir; but I turned it over to the road without any profit, just as I bought it at auction, leaving out the interest on my money for two months.

Q. When was that?

A. I should say, some two years ago.

Q. And what was the amount of the purchase?

A. Some \$2,200; it was bought at public auction. I would also say, that when we were constructing the Dover & Portsmouth road, I bought the Noble Island property, where the wharf now is.

Q. What was the cost of that?

A. I think the property cost \$20,000.

Q. And turned that in at the same price?

A. Yes, sir.

Q. Do you know about the value of these Maine Central shares now?

A. No, sir; I do not.

Q. I speak rather of the market value than the intrinsic value?

A. I do not know of any sales.

Q. You still retain your interest?

A. Yes, sir.

Q. Are you a director in the Central road?

A. Yes, sir.

Q. Have you, within a few days, had a meeting?

A. Yes, sir; there has been a meeting recently.

Q. Have you looked into its affairs, its condition, so as to give the Committee any information in relation to its standing?

A. Since its last annual report?

Q. Yes; so as to give information as to its condition now?

A. I have the annual report, but I have not looked it over.

Q. Can't you tell us what your judgment is as to the condition of the road?

A. I understand it paid the interest on its bonds and something besides, last year, which every one knows has been a very severe year upon railroads.

Q. Have you examined this bill which is before the legislature, in respect to the Eastern Railroad?

A. Not in all particulars; I was not on that committee.

Q. Are you familiar with its general features?

A. I am not; only as they propose to give a mortgage back to the creditors to secure them.

Q. Are you sufficiently acquainted with the property owned by the Eastern Railroad, and sufficiently familiar with the bill, to give the Committee an intelligent opinion as to whether it is practicable or not?

A. In my judgment, the road should have a little more breathing spell than the bill gives.

Q. Will you explain to the Committee what you mean by that?

A. I mean I should not have the interest commence as soon by six months, and I should have it three per cent. for three years, four per cent. for three years, five per cent. for three years, and after that, six per cent.; it would be better for the creditors, and for the road, than the per cent. of the bill.

Q. Suppose that to be done, how would it go on then?

A. I don't know whether it could be done. For the last three months we had all we could do to keep the road from attachment; and the directors felt as if it were their duty to get the best proposition from these creditors that we could.

Q. I suppose that bankruptcy would be disastrous?

A. It is so, I suppose, in all cases.

Q. Now, Mr. Jones, I put it in this way: Suppose it were practicable to do that which you suggest in respect to breathing time, do you think the road could get on?

A. I do, sir; properly managed.

Q. Well, that is a very important thing.

A. In what I said, I assumed that the road, in future, was to be properly managed; this was merely a suggestion of my own. I said I thought the interest ought not to commence for six months; and it should be three years at three per cent., three years at four per cent., and three years at five per cent., and thereafter six,—which I claim will be for the interest of the creditors of the road, because it would make their security very much safer.

Q. (By the CHAIRMAN.) You say, with this arrangement it would be practicable to get on?

A. I do, sir.

Q. Do you mean to say that, with the six months that you say should be given, and that one-half which you take off from the interest, and the one per cent. added, is just the plan that would save the road?

A. If that could be carried into effect.

Q. Couldn't the road live under the bill, as presented?

A. I do not say the road could not live under it.

Q. What you mean to say is: that you have figured it out that the road lacks existence by just six months, and by this one-half per cent. of interest?

A. I mean six months gives them time to pay off a little of their floating debt, and at the same time pay their running expenses. I mean also, that if they can earn four per cent. or five per cent., and don't pay out but three, the balance would go into a sinking fund, to pay off the debt. The directors couldn't take any of the money. There is nothing given to anybody, but goes into the hands of receivers. It is simply making this low rate of interest, to strengthen the interest of the creditors.

Q. Whether that difference will save it?

A. I do not think that difference will prevent saving it?

Mr. SHATTUCK. He thinks it will be saved any way.

Q. (By the CHAIRMAN.) Whether, with the advantages gained by the views you have mentioned, the road could be saved?

A. With good and economical management, as I explained. I claim, sir,—and that is the reason why I made the suggestion,—that a reduction of the interest would be for the benefit of the creditors.

Q. You are a director in the Eastern Railroad?

A. I am, sir.

Q. You have long been in business—in a large business?

A. I have been in business about twenty-seven years.

Q. A large business?

A. Somewhat,—yes, sir. I have done \$10,000,000 in the last twelve years.

Q. Do you regard this which you suggest anything more than an extension which is often given to a person embarrassed in his business?

A. I regard it the same; but in my suggestions assume that when an extension is given, it had better be given for a longer time, with a low rate of interest, than for a shorter time, with a larger rate than can be fulfilled.

Q. (By Mr. FAIRBANKS.) Your view is this: while there might have been another plan, if the bill which is now before the legislature is the best that the creditors could make, it had better be passed

A. Which do you term the creditors, the stockholders or the bondholders?

Q. You are speaking of the bondholders; if that is the best terms they will make, it is better that the bill should go through.

A. I understand the arrangements that were made were the best that could be made by the creditors of the road.

Q. Do you think it would be better to accept or reject it?

A. I suppose the stockholders thought they had better take that than go into bankruptcy.

Q. (By Mr. THOMAS.) Your idea is that it would be better for the stockholders and the creditors, if this plan were practical, which you suggest, and could be carried out?

A. That is a question in my mind.

Q. (By Mr. NOBLE.) If it was insolvency or this bill?

A. I should think it would be more proper to put the question in this way: If it was insolvency or this bill, in your judgment, whether it would be insolvency in the future? We cannot tell what the business of the road would be.

Q. My point is this: If this bill does not pass, the probabilities are that receivers will be appointed at once; now, which, in your judgment, is for the best interest of the stockholders and bondholders?

A. My judgment is it is best for the bondholders to have it passed.

Q. (By Mr. OSGOOD.) Which would be better for the stockholders, bankruptcy or the present bill?

A. I don't think either the stockholders or the bondholders are anxious for bankruptcy, any more than the creditors.

Q. I don't think you exactly answered my question: I asked whether or not you think it is for the interest of the stockholders that this bill should pass, or the road go into bankruptcy—which of these two?

A. I should think it would be for the interest of the creditors.

Q. Which would you prefer, as a stockholder?

A. I prefer the bill, because it would help the creditors.

Q. (By Mr. THOMAS.) If I understand it, it is this: that there might be a chance, if this bill didn't pass, that the road would be put into bankruptcy.

A. I don't believe that gentlemen generally are likely to put people into bankruptcy; my experience has always been that I had better keep a man out of bankruptcy, if I wanted to get anything.

Q. (By Mr. SAWIN.) Isn't there a danger of foreign bondholders buying the road?

A. I understand the foreign debt is only one-quarter part of the whole.

Q. (By Mr. OSGOOD.) Are you a pretty large stockholder?

A. Yes, sir.

Q. How many shares of stock?

A. That is my own private business. I have no objection to telling, however. I own 2,000 shares.

Q. I suppose it is also the Committee's business.

Q. Now, you said as a stockholder you approved the passage of the bill to help the creditors; whether you, as one of the stockholders, would prefer the bill as it is, or bankruptcy?

A. I don't think it has come to this stage.

Q. Suppose it had?

A. I would do anything rather than have bankruptcy.

Q. (By the CHAIRMAN.) I would also like to ask you which you would prefer as a stockholder, this bill or bankruptcy?

A. I am a larger bondholder than stockholder.

Q. (By Mr. NOBLE.) Are you a large bondholder?

A. I am.

Q. Which is the largest interest?

A. That is according to what the stock cost you.

Q. I want to know which interest controls your opinions?

A. Some of my stock cost me \$102.

Q. And is worth about \$10 now.

A. I haven't looked at a paper to see what it is for some time. I charged it off to profit and loss some time ago.

Q. You have charged the bonds over also?

A. I have charged over a good many of them. I always charge such things to profit and loss when I strike my balance-sheet. I put them down for just what they are worth. I do not put in any prospective values.

Q. (By Mr. THOMAS.) Do you, as a director, approve bills of sums on account for services about which you know nothing, in your private business?

A. No, sir, not without some receipt or memorandum. I never do any such thing in my own business.

Q. Then, in respect to counsel fees, you wouldn't pay out such a sum, unless you knew what it was for.

A. I can show you every cent I have paid out for years, on my books.

Q. Well, suppose this case.

A. I don't like this supposing cases, Mr. Thomas. I don't like to make answers to supposed cases, because I am very apt to make a supposed answer.

Q. I will put them directly, then. Mr. Sanborn comes and wants \$5,000; don't you want to know what he is going to do with the money?

A. In my own business, and a man is to work for me and doing a certain job, and his plan and specifications are to receive such an amount, I propose to pay him when he performs the work; but if he should come to me when the work was partly done and want \$5,000 or \$10,000, I might give it to him and take his receipt.

Q. Suppose Mr. Sanborn is to perform some services about the legislature, and wants \$5,000, don't you want to know what he is to do with it? Wouldn't you expect, when he got through, that he would render his account, showing what he had done with it?

A. Yes, sir; in items.

Q. So, also, in respect to counsel; if a counsel should come to you and ask you for \$10,000, wouldn't you do the same?

A. I should think I would. I could say that I saw a bill, after Mr. Lawrence became president, of some counsel, for \$7,500, and I thought it very large, and said to Mr. Lawrence I should want that bill in items, and he sent it back to the lawyer.

Q. (By Mr. NOBLE.) Isn't it peculiar that \$77,000 should get out of the treasury of the Eastern Railroad without any vouchers being left? I understand you to say that you personally didn't know about the disbursement?

A. No, sir; I did not.

Q. Now, was the fact that Sanborn was drawing money and spending it, ever discussed in the board?

A. No, sir; not to my knowledge.

Q. (By Mr. JAMES.) When I put in my petition, were you in favor of calling the special meeting?

A. I think that matter was discussed in the board; and they didn't know whether it was for the interest of the stockholders to call them together, it was so near the annual meeting, on the account that it might get the road into some trouble, and get an attachment laid on the road.

Q. At that time you were ready to fail?

A. The road was in very short quarters.

Q. That was in the first of December?

A. I couldn't remember the date.

Q. My petition was on the twenty-first.

A. I don't think I was here on the twenty-first of December; I was in Washington.

Q. Now, Mr. Jones, will you state whether there is any contract between the Eastern and Boston & Maine in regard to rates of freights to Berwick?

A. I understand there is some arrangement.

Q. Can you tell this Committee whether the Nashua & Rochester road carry any freight to Boston by the way of Lowell?

A. I couldn't say what they are doing on the Nashua & Rochester road; I never was over it in my life.

Q. Have you any idea whether they could compete with the Boston & Maine and your road?

A. They could compete.

Q. As a stockholder and a small bondholder, I want to ask you if it would not be better to wait a year or two on this bill, and give them a chance? What do you think the people up your way would think of it. I mean the small ones; not these big fellows?

A. I never discussed that matter, and have seen very few to talk with about it. I am very busy myself, and don't have the time. I have heard various suggestions.

The CHAIRMAN. What is it, Mr. James?

Mr. JAMES. To get them off a year or so without any interest, so that the road could pick up a little.

The CHAIRMAN. You mean, to have the bill amended, so as to have it two years before the interest begins?

Mr. JAMES. Yes.

The CHAIRMAN. The great trouble would be, the getting them off.

Q. (By Mr. THOMAS.) Do you think it would be a good plan to consolidate the Maine Central and the Eastern roads now, if it could be done on a fair basis?

A. Yes, sir; it would be better for the public and the stockholders. I believe what is for the interest of the corporation, is for the interest of its stockholders.

Q. I asked, because you are a stockholder in the Maine Central.

A. Yes, sir.

Q. You bought in this road pretty largely, some years ago?

A. Yes, sir.

Q. Did you have a conversation with Mr. Hooper, which led to your coming into the road?

A. No, sir. I did have a talk with him after I was in the road; but I bought my stock for an investment,—2,000 shares.

Q. Whether have you had the representation of Mr. Hooper, in respect to its real worth?

A. Not in the first place.

Q. (By Mr. JAMES.) Here is an item,—a small item,—\$26,680 for legal services; have you ever seen that?

A. No, sir; I have not seen any bills for legal services.

Q. (By Mr. MOSELEY.) When did you come in, as a matter of fact, into the road?

A. I think it is three years ago last February.

Q. What first induced you to purchase?

A. I had some money, and thought it a good investment. Living on the line of the road; seeing that their business was good, I was satisfied that, properly managed, it would be a good investment. I had always felt it was a good road, and as though I was part and parcel of it, as I have been its largest customer for years.

Q. It has been said to me, that representation had been made to you by either Mr. Lothrop or some of the large owners of the road, that induced you to buy into the road?

A. No, sir; the first purchase I made, I stated, was on my own judgment.

Q. Then it was on your own judgment, and not on the representation of anybody else?

A. Not at all.

Q. Afterwards, did you increase your stock?

A. I was in Halifax, with Mr. Hooper, at the time they advertised two thousand shares. He said to me, at the hotel,—I don't remember the name,—he wanted to know what I thought about that stock. I told him I did not know, and he said he thought it was a good investment, and wanted me to go home and buy it, and he would take half of it. I came home and bought the stock.

Q. About what date?

A. I think it was two years ago last July. The whole two thousand shares were sold at auction.

Q. Have you ever had it called to your attention, that Mr. Hooper really knew of the condition of the road?

A. I know he didn't come and take his one thousand shares of stock.

Q. Didn't it create any suspicion in your mind?

A. I don't know whether you would call it suspicion.

Q. What was the stock selling for then?

A. I think it was selling for 101 or 102. When Mr. Hooper came home, he asked me how much I expected him to take; I told him one-half; of course, that was the understanding. He said he didn't understand it so. I am somewhat irritable, and we had a few words, and I left.

Q. Then, that would look as though he had played a little sharp game?

A. That is for you to consider, not me.

Mr. SHATTUCK. Mr. Hooper is dead, and probably Mr. Jones don't feel like saying much about it.

A. I always like to bury those things.

Q. (By Mr. JAMES.) Can you tell me how much was paid for the wharf, in Wolfborough.

A. I think it was bought before I was a director.

Q. Do you know who did the buying?

A. I think Mr. John W. Sanborn could tell you.

Q. Do you know anything about removing the depot from Newburyport to Elliot, Maine,—a freight depot?

A. No, sir, I don't. I know there used to be a very small depot at Newburyport, and I see it has been taken away; but where it went, I never knew.

Q. (By Mr. FAIRBANKS.) Had you any part in making the arrangements which resulted in this bill which is before the legislature?

A. I was not on the committee.

Q. Were you knowing to the bill?

A. I was, sir.

Q. (By Mr. SAWIN.) Did you oppose it at the stockholders' meeting?

A. I didn't, sir.

Q. (By Mr. FAIRBANKS.) Do you know of the difficulty and labor had to arrive at this bill?

A. I know the committee had several meetings.

Q. You don't suppose, if this bill failed, you could get more favorable terms?

A. I do not, sir.

Q. You must have some judgment?

A. I think I stated that the committee chosen by the directors conferred with the committee from the bondholders, and obtained from them the best terms they could on the part of the stockholders. That committee reported to the board in full, and it was finally offered to the stockholders, and it was passed at the annual meeting, in February.

Q. And it was the best terms you could get?

A. I should say it was.

TESTIMONY OF PETER SILVER.

Q. (By Mr. THOMAS.) Where do you reside, Mr. Silver?

A. In Salem.

Q. Have you any knowledge or information in respect to the purchase of lands at Lynn by the Eastern Railroad, and if so, what knowledge have you? Please state fully.

A. I know the land was purchased there; but I had nothing to do with the road.

Q. Was you interested in the land that was sold?

A. Yes; I owned part of it.

Q. Yes; tell us what was done, if you please.

A. They were trying to get a depot in Lynn, and Mr. Alley, who was acting with the directors and president, came to me to know what I would take for half of my land. I told him, if they would build a depot, that I

would sell it very cheap, because I had so much more land on the north, that the depot would enhance the value so much, that I would be willing to sell very cheap.

Q. Tell the Committee where the land was situated.

A. Between Market and Pleasant streets.

Q. How much was there of it, and what was its value—fair market value?

A. It was land that wanted to be filled up. I think 145,000 feet. I owned part of it.

Q. When was this?

A. Well, I think it was five—

Q. November, 1871?

A. I think it was four or five years ago—four years and a half, I think.

Q. Mr. Lawrence, in his report, says in November, 1871, the company bought of John Alley, 3d, a piece of land on the south side of the track—

A. That is the land; that must be it.

Q. Well, what was it taxed for at that time?

A. Eight thousand dollars. It was land that wanted filling—wanted to be filled up from three to four feet.

Q. Have you any connection with it now.

A. No, sir.

Q. Do you know what it is taxed for now?

A. No, sir; it belongs to the road, I believe, now.

Q. What did you do about the sale of it?

A. I did nothing. Mr. Alley sold it to Mr. Hooper, so I understand.

Q. What did he get for it?

A. One hundred and ninety thousand dollars.

Q. When was that?

A. At that time, sir.

Q. November, 1871?

A. I presume so; yes.

Q. Well, what proportion did you own—what part of the whole?

A. An undivided half.

Q. What did you get for that undivided half?

A. After it was sold, I told him that we had divided the estate, and I had given him the choice—the best half—and he ought to divide with me.

Q. Even up, as they say?

A. Yes, even up.

Q. What did he say?

A. At first he hesitated, but finally he agreed to even up.

Q. That is right. Well, what was done then?

A. Nothing.

Q. How much did you get? You haven't told me that.

A. O, I got—

Q. For your half.

A. Ninety thousand dollars, I believe. That is, promises to pay; haven't got the money.

- Q. Promises to pay?
- A. Yes; notes.
- Q. How much money did you get?
- A. No money at all, sir; not a cent.
- Q. Well, how many bonds did you get, sir; what amount?
- A. No bonds, sir; notes.
- Q. Simply notes?
- A. Yes.
- Q. Thought they paid you in Conway bonds?
- A. O, that was another thing.
- Q. We will come to that by and by. What did you get?
- A. Ninety thousand dollars in notes; promises to pay.
- Q. Whose notes were they?
- A. The Eastern Railroad's.
- Q. Never been paid?
- A. Some of them have; a very few.
- Q. You got \$90,000, and he got \$90,000, and that makes \$180,000; how much was the whole sold for?
- A. One hundred and ninety thousand dollars; but there were expenses.
- Q. How much were they?
- A. I don't know.
- Q. Where did they go to?
- A. Counsel.
- Q. Yes, to counsel; who has charged as much as that?
- A. Gen. Butler was counsel, and he had to go into the courts once or twice.
- Q. Once or twice? He didn't charge \$10,000 for that, did he?
- A. That was paid.
- Q. Do you mean that was paid to Mr. Butler?
- A. I didn't pay one cent. Mr. Alley told me that was paid to Gen. Butler,—expenses, etc.
- Q. Yes, Gen. Butler,—expenses, etc.
- A. We had to move a building.
- Q. Wasn't there any intermediate person interested in selling this for you,—had a commission?
- A. No, sir; the officers of the road had no more to do with it, in any shape—
- Q. I didn't say anything about the officers of the road. I was asking, wasn't there some other person who divided?
- A. Not that I know of.
- Q. That was \$10,000 gone; and can't you tell us where? It appears there were \$216,000—
- A. You have got it mixed up, sir. On the other side are lands—
- Q. I haven't got it any way; I want you to tell me. If it is mixed up, I want you to disentangle it.
- A. Mr. Hilton sold some on the west, at \$26,000. That was a month before.
- Q. Whose land was that?
- A. That was Mr. Hilton's.

- Q. Were you interested in it ?
- A. No, sir; knew nothing about it till after it was done.
- Q. What did you hear about that ?
- A. I heard it was sold.
- Q. Who bought that ?
- A. I suppose the Eastern Railroad did—Mr. Hooper.
- Q. Do you mean to say you sold your land to him, or to somebody else ?
- A. He bought it for the railroad, I suppose.
- Q. Who did you make the deed to ?
- A. Mr. Alley.
- Q. You released a quit-claim for your half to Mr. Alley, and Mr. Alley conveyed the whole ?
- A. Yes.
- Q. Did you see anybody else but Mr. Hooper in this discussion ?
- A. I never saw any one,—Mr. Hooper, or any one; Mr. Hill did that.
- Q. Mr. Williams have anything to do with it ?
- A. Nothing at all, that I know of. He never spoke to me, in any way shape or manner.
- Q. It is suggested here, that one-half was conveyed for \$15,000, and consideration expressed in the deed. " Peter Silver and wife convey to John H. Alley, \$15,000 "—
- A. That is a mistake,—\$20,000.
- Q. Why was that, if you, in point of fact, got notes to the amount of \$90,000 ?
- A. Because we wanted a depot there. I told Mr. Lincoln to sell it at any price. If they would build a depot there, I had rather give my land.
- Q. I understand that, that you were willing to sell at any price; how was it they paid you and Mr. Alley \$190,000 ?
- A. Because Mr. Hooper considered it worth that, I suppose.
- Q. You didn't ask him—
- A. Mr. Alley did. I had nothing to do with the bargain.
- Q. How was it there was only \$15,000 or \$20,000 put into the consideration of that deed ?
- A. Because I sold it, simply, for \$20,000, and after it was taken, I got so much more than I anticipated. I supposed he would sell it for a good deal less.
- Q. You sold out, simply, for \$20,000, and supposed he would sell it for the same; instead of which he got so much more than what he got it for—
- A. I wanted him to give me half of it, because, in dividing the estate, I gave him the best half.
- Q. Then you thought \$20,000 was enough for the land ?
- A. Providing they could put the depot there—
- Q. They did get the depot there ?
- A. Yes.
- Q. You were satisfied with \$20,000. You thought that a fair value for the land ?
- A. I thought that was enough.

- Q. A pretty good price?
- A. After it was filled, it would be worth more.
- Q. Never mind about after it was filled, but as it was?
- A. I thought that it was a good price.
- Q. Taxed at \$8,000?
- A. Yes.
- Q. And the year before it was \$4,500?
- A. Yes.
- Q. Then it went up to \$8,000?
- A. Yes.
- Q. And when you sold it, it was only \$8,000?
- A. Yes.
- Q. And you thought \$20,000 a high price?
- A. No, sir; I thought it was a good price.
- Q. Haven't you any idea how it came about that this land was actually sold to Mr. Hooper for \$190,000, which you considered worth only \$20,000?
- A. Mr. Hooper and Mr. Allen negotiated for it. I never saw him, and don't know anything about it.
- Q. Didn't he ever tell you how he came to get so much?
- A. Nothing but that they thought it was worth it.
- Q. Weren't you surprised he should ever get that amount, and didn't you think it was too much?
- A. Too much?
- Q. Yes. How much did you think it was worth?
- A. It would depend on circumstances.
- Q. You thought the difference between \$20,000 and \$190,000—that would be \$170,000—too much?
- A. If there was a depot there?
- Q. Taking it as it was,—no “if” about it,—you thought it was \$170,000 more than it was worth, didn't you?
- A. No, sir; I don't think it was \$170,000 more than it was worth; I am speaking of one-half, on the condition that they put the depot there.
- Q. You mean the whole \$40,000?
- A. The whole \$40,000, provided they put the depot there.
- Q. Then we have a margin of \$150,000 too much?
- A. Yes.
- Q. How did that come about?
- A. I don't know, sir. Mr. Alley and Mr. Hooper negotiated.
- Q. It was so surprising, that when it was done, you said you thought he should divide?
- A. Yes; I said I wanted he should divide. The lands west, at the same time, Mr. Alley was authorized to buy at two dollars and a half a foot.
- Q. What had those lands to do with this?
- A. It belonged to the same kind of property.
- Q. You don't intend to say, Mr. Silver,—you are testifying to this Committee under oath,—you don't intend to say that that land at the west had anything to do with this? You say a fair price was \$40,000?
- A. The lands on the west, they asked two dollars and a half a foot for.
- Q. You thought \$40,000 was enough?

A. Yes, provided they put the depot there.

Q. They did put a depot there?

A. Because I owned so much land on the north, I was willing to sell it.

Q. And you were willing to sell it for \$40,000?

A. Yes, I was.

Q. Can you give the Committee any reason why you were paid \$150,000 more than that, or gave you notes, which then were perfectly good?

A. I don't know why the railroad—the directors—should have voted so much.

Q. Don't?

A. I don't know.

Q. Have you ever thought this matter over?

A. I have.

Q. To what conclusion did you come to, when you thought it all over? What reason did you assign to yourself for their paying so much?

A. I think, if they had had more sagacity, they could have bought it cheaper.

Q. You think it was a want of sagacity?

A. I think they were not very sagacious.

Q. If you told me you were willing to sell me a piece of land for \$20,000, it don't require much sagacity on my part to refuse to pay \$190,000?

A. Understand me; when I said I would sell it for \$20,000, it was for the purpose of getting a depot there.

Q. You said it was all it was worth?

A. I don't say that; I believe, with the depot there, it would be worth double.

Q. Double what—\$190,000?

A. Yes.

Q. Double \$190,000? That is going up pretty fast.

A. Well, sir, it is no faster than land in the neighborhood is selling; the land on the east, sir, the gentleman that owned it was offered three dollars a foot; and on the west, adjoining us, they were offered two dollars, and they would not sell it.

Q. (By Mr. WILLIAMS.) When was that, Mr. Silver?

A. At the same time; when it was sold, Mr. Hooper authorized, as I understand, Mr. Alley to buy land on the west; he went to the parties, and offered them two dollars a foot, and they would not look at it.

Q. Did Mr. Alley make any agreement with the Eastern Railroad about filling?

A. Not that I know of, sir.

Q. (By Mr. THOMAS.) One word more; I won't detain you longer: If this land was really worth double what they paid for it, why, then, they bought it for half what it was worth?

A. If I was going to build a depot, and wanted the land, I would have had it understood, "I am going to put up a depot; now, I want the land cheap," and I could have got it cheap; and they could have got it cheap. But it seems that Mr. Hooper forgot all about the enhanced value the depot would give to the land, and, therefore, he was willing to give a dollar and a quarter a foot.

Mr. THOMAS. It is suggested that Mr. Alley is here, and I won't go on with you.

Q. (By Mr. MOSELEY.) Who, in point of fact, did do the filling; you spoke of the fact that it had to be filled?

A. Who did the filling?

Q. Yes, sir.

A. The Eastern Railroad, of course.

Q. They bought the land at a high price, and filled it afterwards?

A. They didn't fill it; there it lays.

Q. I understood you that there was a depot on it.

A. Ah, that is another piece; you don't understand. The depot stands on land that didn't require filling.

Q. That is the land you sold?

A. No, sir; another part. Lands on the north side—some 28,000 feet. They were to have that for nothing.

Q. You built the depot?

A. I built the depot.

Q. How much did it cost you?

A. Fifty-two thousand dollars.

Q. Did it cost you that?

A. Yes, sir.

Q. What did they pay you?

A. With interest, they paid \$54,000. Let it lay six or eight months, I think.

Q. Here it says \$55,000 [referring to a printed report].

A. It might have been that. They paid in Conway bonds.

Q. They were good enough then? You took them?

A. I took them, but reluctantly, I tell you. I never would have sold out the depot. There was other business, sir.

Q. Yes; tell us what was done with the depot afterwards?

A. It was torn down.

Q. What was done with it when it was torn down?

A. It was sold for \$1,500, I heard.

Q. The whole depot?

A. The whole depot.

Q. Do you know why it was not used for some purpose,—for manufacturing, or something?

A. I think it should have been.

Q. Do you know why it was not?

A. No, sir.

Q. Wasn't some of it thrown into the pond?

A. The iron covering.

Q. What did they do that for?

A. I never asked them; I don't know. They wanted to get rid of it. If they had kept the depot up, I think the land would have sold for four or five dollars a foot?

Q. Don't you think it would have been better to have burned it down?

A. No, sir; they had better have let it stood. If they had let that stood, the Revere road would never have been built.

Q. Can't you give the Committee any reason why, if that was to be discontinued, it could not have been turned to some benefit?

A. No, I cannot.

Q. (By Mr. JAMES.) Do you mean to swear, now, to the Committee, that the face of your deed says \$20,000?

A. Yes.

Q. I have a copy here that says \$15,000.

A. That is another deed.

Q. (By Mr. NOBLE.) Would you have been surprised at all,—after they had given you \$90,000 for land that was only worth \$20,000,—would you have been surprised if they had offered anybody ten dollars a foot?

A. I don't know.

Q. Weren't you about prepared for any price, by the Eastern Railroad?

A. Land was very high in Lynn.

Q. I should think it was.

A. Very high; very high. They were paying five dollars a foot, and they tax land to-day, across Market Street, upwards of four dollars a foot; they tax it.

Q. (By Mr. THOMAS.) What did you tell me they taxed that for, now?

A. I don't know, sir.

Q. There was evidence of a good deal of bad management, wasn't there?

A. Mr. Hooper had, I think, been accustomed to treat with big sums; that is my idea. To my mind, if they had filled up that land, and kept the building there, they would have sold it for four or five dollars a foot.

Mr. SHATTUCK I want to say this was before Mr. Wooldredge had any connection with the road.

MR. EZRA H. DODGE—*Recalled.*

Q. (By Mr. THOMAS.) I want you to fix the date, if you can, of this conversation you had with Mr. Sanborn. You talked with him, I believe, before you did with Mr. Lothrop, or about the same time?

A. After he had been to Bar Harbor.

Q. The first conversation you had with him?

A. The first conversation I had with him was at Bar Harbor,—I think about the 17th of August. I won't be exact; but it was about that time.

Q. About the 17th of August. Didn't you have this conversation with Mr. Lothrop before October,—with either Mr. Sanborn or Mr. Lothrop, the very week before October?

A. Before October?

Q. Yes.

A. I saw them every time I came to Boston, and I was up here nearly every week.

Mr. THOMAS. I believe that is the only question. I wanted to fix this date.

TESTIMONY OF JOHN H. ALLEY.

Q. (By Mr. THOMAS.) Are you one of the heirs of John Alley, 3d?

A. Yes.

Q. Now, will you tell us anything you know about the sale of this land to the Eastern Railroad, by the heirs of John Alley, 3d.

A. I sold it to them, sir.

Q. Just tell us all the circumstances, in your own way?

A. In the spring of 1871, there had been a desire on the part of the people of Lynn to have a depot located in Market Street, and at that time I got a plan of a depot and went before Mr. Brown, the president of the road, with it. Perhaps I can make the Committee understand it a little better by going to the beginning. The Eastern Railroad went through my father's field, a portion lying on the north side, and a portion on the south side. After my father's death, we got a street from Market Street to Pleasant Street, leaving a strip of land on each side. The Eastern Railroad had been to my father a great many times in regard to the purchase of this very point for depot purposes; and there had been, previous to this, considerable discussion as to where the station should be eventually located. I think it was what was called the seven years' war,—the depot war. After this street was laid out, the superintendent of the road, I think, said that it was too bad to destroy all possibility of putting a depot at that point. After talking over,—I was at that time in the war,—and when I came back—

Q. You don't mean "the seven years' war"?

A. No, sir; but it goes as far back as the war,—a plan was signed by which a strip of land, forty feet long, and the whole width between Market and Pleasant streets, was set off, if they would put a depot there the land was to be free, as that was the place in which the people in that vicinity wanted the depot put. So it came about, in 1871, that, at that time I had plans of a depot made, certain laws had been passed by the legislature. The matter had been before them a good many times. There was a way a depot could be built there, and that was by us building it and leasing it to the Eastern Railroad till it was bought.

Looking the matter all over thoroughly, I said we will have a depot there anyhow, and we surveyed a line from State Street up to Malden, striking the Boston & Maine line at what is known as Malden Poor-house. The distance between these points, I think, was about six miles in that direct line. It had been talked a good many years by Mr. Newell of Saugus, that this was the proper road from Lynn to Boston, and I was perfectly surprised to see the almost direct line from this point up to that point. It would reduce the distance between Lynn and Boston, and be a very capital thing for the Boston & Maine road. I went and saw parties in the Boston & Maine road, after this survey had been made, in regard to this matter. Then, at the same time, I had this plan made for a depot, and laid it before the president, Mr. Brown. I introduced myself—

Q. He was the president of the Eastern road?

A. Yes.

Q. You said you went to the Boston & Maine?

A. Yes, at the same time I had this plan; and I said to Mr. Brown, "We will give you the land, which is 40 feet wide by 720 feet long; we will build you a depot there which will cost about \$40,000"; and if

you will notice, in the contract—you have the papers here—with the Eastern Railroad, that was the price which they were to pay for the depot. “We will lease you this depot till you buy it, for so much money.” Mr. Brown talked with me, I think, an hour and a half that first day, and it went on from that time for several months. A portion of the directors, I understood, were in favor of it, and a portion against it. I showed it, I thought, very clearly, that it was for the interest of the Eastern Railroad. The Boston & Maine, from conversation with some of the directors in regard to that matter, I knew, would come in and build that line of road. I knew what it could be done for; we had estimates fully prepared.

Q. Now, Mr. Alley, you were anxious to sell this land?

A. Certainly, sir.

Q. And you were anxious to get a good price for it?

A. Yes.

Q. And in order to do that, you went to both of these roads?

A. Yes.

Q. Well, now, sir, why can't you go on and tell us about the sale of the land?

A. Yes; the sale of the other part of our land—that was not contemplated at the first, because I concluded that we could get a street, and I had originally planned for a street on the south side of the depot. Lynn is peculiar, sir, and perhaps the Committee will want to understand—

Q. I pray, don't go into the peculiarities of Lynn.

A. It shows the value of the land, and that is what we want to reach.

Q. It has a right to be peculiar, I suppose; no matter about that. State about the purchase.

A. Let me inform you that the value of land in Lynn, in past years certainly, and up to that time, was dependent quite on depot privileges.

Q. I thank you for the information, and I will make a note of it. Well, pass on.

A. But excuse me, sir; it is an important point, if you want to get at the bottom of this.

Q. Well, sir.

A. All our customers are from different places—

Q. Why not go on to the purchase? You might as well tell me whether their families are well or ill.

A. But excuse me, sir.

Mr. WILLIAMS. Just answer the question as the counsel puts it.

WITNESS. Do you want to know whether this land is valuable or not?

Mr. WILLIAMS. We want you to answer the question.

Q. (By Mr. THOMAS.) I want you to tell me about the trade for the land. When did you first negotiate with anybody connected with the Eastern Railroad about this land?

A. The early part of 1871.

Q. Who did you negotiate with?

A. The first person I spoke to was Mr. Brown.

Q. Who next?

- A. I saw all the directors.
- Q. Did you finally sell it to the Eastern Railroad?
- A. I did.
- Q. Whom did you negotiate with concerning the price?
- A. Mr. Hooper.
- Q. What was the price you agreed to sell him the land for?
- A. Two hundred thousand dollars.
- Q. Two hundred thousand dollars?
- A. Yes.
- Q. Did you sell it to him for that?
- A. The price was arranged for \$200,000.
- Q. Did you convey the land to him for that price?
- A. There was \$10,000 retained by the road.
- Q. For what?
- A. In the plan—
- Q. You can't see it on that book [referring to a book witness held in his hand]. Talk out of your head, and not off that book. Let us make our speeches out of our heads, and not off books. What did Mr. Hooper agree to pay you for that land?
- A. Two hundred thousand dollars.
- Q. Yes, and did you agree to sell it to him for that?
- A. Yes.
- Q. And did you sell it to him for that?
- A. I told you there was \$10,000 retained for a certain purpose.
- Q. What was that purpose?
- A. There was a portion of this land, between this property and Pleasant Street, that it was desirable, on the part of the road, to secure.
- Q. Yes.
- A. And a portion of that they asked me to purchase.
- Q. Asked you to purchase?
- A. Yes.
- Q. Of somebody else?
- A. Yes, of somebody else. There was a small piece—
- Q. What, in your hand? Don't talk out of your hand; talk out of your head. Where was this small piece?
- A. There was a plan before us, Mr. Thomas, when this thing was done, and it will explain a portion of this matter if—
- Q. Did you buy some land of somebody else?
- A. I bonded some; yes.
- Q. You completed the purchase or lease?
- A. No, sir. The bond was forfeited.
- Q. Was there anything else you gave them for the \$200,000, besides the land?
- A. No, sir. I didn't get \$200,000.
- Q. Then, for \$190,000?
- A. No, sir.
- Q. You were paid that?
- A. Yes.
- Q. Tell us what you bought with the \$10,000.

A. I didn't buy anything.

Q. How did you expend it?

A. I didn't expend it.

Q. How did they want you to expend it?

A. There was nothing about spending it about it.

Mr. SHATTUCK. The only interest I have in this is to get through it some time.

Q. You got \$190,000?

A. Yes.

Q. Did you then own the whole of the land?

A. Yes.

Q. How long had you bought the half of Mr. Silver? How long previous?

A. I bargained for it some time previously.

Q. You had got the conveyance of it?

A. No, sir; only a short time before.

Q. What did you agree to pay, when you bargained for it?

A. Twenty thousand dollars.

Q. Twenty thousand dollars?

A. Yes.

Q. And that was half the land?

A. Yes.

Q. Was \$40,000 a fair price for the land?

A. I wouldn't have sold it for \$40,000.

Q. I didn't ask that. Was \$40,000 a fair price?

A. No, sir.

Q. How much was a fair price?

A. If I could get a depot there—

Q. No; how much was it worth when you bought the other half of it?

A. I don't know that you can answer that, sir.

Q. I don't mean to answer it; I want you to. Mr. Silver says—

A. I can't answer it.

Q. He says \$20,000 was a fair price for half of it?

A. I don't think it was.

Q. Why didn't he ask you more?

Mr. SHATTUCK. Mr. Silver didn't say it was a fair price; he was willing to sell it low because—

A. I told Mr. Silver I was going to carry the thing through.

Q. Isn't it true he asked you to divide?

A. Yes.

Q. What reason did he assign?

A. Because we had always— His wife was my only sister.

Q. Yes?

A. We had always been on the most intimate and friendly terms.

Q. Yes?

A. And as I had succeeded in my plans,—I should have asked him probably to have done the same thing,—I was to accord to him what I would have asked for myself.

Q. The difference between the half of \$190,000 and \$20,000 was pretty considerable, wasn't it?

A. Yes.

Q. Wasn't that a pretty large amount to make a present of?

A. I should have asked it for myself.

Q. Isn't it a fact, that this land was sold to Mr. Hooper for a very large price?

A. I think the Eastern Railroad could have made \$100,000 out of it.

Q. By paying \$100,000 less?

A. No, sir.

Q. Do not? Isn't this it: That you dealt, to use no obnoxious phrase, in turn with the Eastern Railroad and the Boston & Maine, in order to make this bargain with the Eastern Railroad?

A. My purpose was to get the depot there.

Q. Was not your purpose to get a big price for your land?

A. Yes.

Q. And didn't you succeed?

A. Yes.

Q. What was the land taxed for, when you sold it?

A. I don't know.

Q. You owned half of it?

A. It was in the estate.

Q. Don't you know somewhere near what it was taxed for?

A. I don't know that I ever asked the question.

Q. Do you mean to swear to this Committee that you don't know something about what the land was taxed for?

A. I can't; I don't think I ever asked.

Q. Was it taxed for \$20,000?

A. I don't know.

Q. Did you think that a fair value for the land, when you negotiated for it?

A. Yes. It was what I could get for it.

Q. Do you know anybody else who would have given you that?

A. That was not a question for me.

Q. The question was, how much you could get for it?

A. The Boston & Maine would not have come in there at all.

Q. Why, you went to Mr. Lothrop, and told him so,—that the Boston & Maine would be after the land?

A. Mr. Thomas, I think, if you will let me explain it, in my own way, the Committee will understand it better.

Q. I think you will make your story too long.

A. There is a parcel of land on the south of the road, and a parcel of land at the north of the road—

Q. I am talking about the land for which you got \$190,000, and only that?

A. That was at the south.

Q. I don't care where it was.

A. Nothing to do with the land on the other side.

Q. I don't care where it was. I want to know how it came about that

Mr. Hooper paid you \$190,000 for that land. How did you get it? Did he employ any broker to look it up?

A. I don't know, sir.

Q. Did anybody else, beside you and Mr. Silver, receive a share of the \$190,000?

A. No, sir.

Q. Who got the \$10,000?

A. I paid that for counsel fees, and other expenses.

Q. To whom?

A. Mr. Butler, my counsel.

Q. Counsel fees?

A. Yes.

Q. You don't mean,—Gen. Butler is absent,—you don't mean to give this Committee to understand that Mr. Butler charged you \$10,000?

A. I don't say any such thing.

Q. Did you pay Mr. Butler \$1,000.

A. I don't know that that has anything to do with this matter whatever.

Q. I asked you about the \$10,000, and you voluntarily said you paid it to counsel?

A. Anything you ask about the Eastern Railroad, I am willing to answer, if I can.

Q. Do you want it to stand that way, that Mr. Butler got \$10,000?

A. I didn't say so.

Q. What did you pay him?

A. I think that is a matter between my counsel and myself.

Q. What did you do with it?

A. I expended it for legitimate purposes.

Q. Did you have it yourself?

A. No, sir.

Q. Did you build the depot?

A. No, sir.

Q. Had nothing to do with that?

A. No, sir.

Q. Nothing to do with the construction of it?

A. No, sir.

Q. Did you have anything to do with tearing it down?

A. No, sir.

Q. Did you buy what was sold at auction?

A. No, sir.

Q. (By Mr. OSGOOD.) Did you buy part of the land of Mr. Abbott?

A. Yes.

Q. Who was he guardian for?

A. He was trustee of my father's estate for my children.

Q. What price did you pay Mr. Abbott?

A. Twenty thousand dollars.

Q. That was half?

A. Yes. An equal property—half from Mr. Abbott, and half from Capt. Silver.

Q. So that, originally, none came to you; but you bought of the trustee of your children for \$20,000, and of Capt. Silver?

A. Yes. .

Q. How many feet of land were there in this parcel that you sold for \$190,000?

A. There was three acres and some odd.

Q. (By Mr. WILLIAMS.) Was there over 150,000 feet?

A. I think the price per foot,—I don't remember just how many feet there were,—the price per foot was about \$1.30.

Q. (By Mr. NOBLE.) Did you make the same division with your trusteeship as with your brother-in-law?

A. No, sir.

Q. You took it away from the children, then?

A. I felt the children were perfectly secure on my side.

Q. You certainly could will it away from them?

A. I suppose I could; yes.

Mr. THOMAS. Does he say he carried into his account as trustee only \$20,000?

Mr. OSGOOD. That is what he says.

Mr. ALLEY. I am not trustee.

Mr. THOMAS. Trustee, or guardian, or something?

Mr. ALLEY. Mr. Abbott is guardian.

Q. (By Mr. JAMES.) Would you have given the Boston & Maine land enough for a depot, if they had come there?

A. Yes.

Q. (By Mr. NOBLE.) Did you pay it over to the charge of the guardian?

A. The \$20,000?

Q. No—the \$90,000?

A. No, sir.

TESTIMONY OF JOSEPH W. ABBOTT.

Q. (By Mr. THOMAS.) You reside in Lynn, Mr. Abbott?

A. Yes.

Q. And are you the gentleman who is spoken of as guardian of these children?

A. Yes.

Q. What is the first thing you knew about this sale of land to the Eastern Railroad? Did you have anything to do with making the price?

A. No, sir.

Q. What is the first thing you did about it?

A. Mr. Alley came to me, perhaps late in 1870 or early in 1871, and asked if I would sell the half of the land,—the undivided half,—for \$20,000; and I told him, if Capt. Silver was willing to sell his half, I had no objection.

Q. You regarded that as a fair price, didn't you, or a good price?

A. A fair price, and some consideration. I knew perfectly well what he intended to do with it, and there is—

Q. What did you suppose he intended to do with it, or what did you know he intended to do with it?

A. There is other property belonging to the heirs which is in close proximity to this, and if he accomplished his object, I knew very well that that land would be enhanced in its value very much.

Q. These children were about how old, at that time?

A. Well, sir, I don't know.

Q. Different ages, for different ones; but were they quite young, or almost twenty-one?

A. They were from three to twelve years.

Q. From three to twelve years old?

A. Yes.

Q. You were guardian?

A. Yes.

Q. You were making this sale as guardian, and you thought it was a fair price?

A. Yes, with a consideration.

Q. Do you know what it was taxed for?

A. It was taxed, I think, for \$8,000.

Q. How much the year previous?

A. I don't know that I could tell.

Q. Do you mean the half was taxed, or the whole?

A. The whole.

Q. And you think, now, to sell it for \$40,000,—you think it was a fair price?

A. A fair price, with a consideration.

Q. Well, did you have any talk with Mr. Hooper about it?

A. Not a word, sir.

Q. Or anybody else connected with the road?

A. No, sir.

Q. But you made a conveyance to Mr. Alley, and you and he settled; he got his deed from you?

A. Yes.

Q. And the other he got from the witness who was on the stand, Mr. Silver, and then he conveyed the whole?

A. Yes.

Q. And when did he pay you?

A. He paid me—

Q. Did he pay you after he settled with the Eastern Railroad,—that is what I mean?

A. He paid me after the Eastern Railroad took it.

Q. Yes, and he paid you in bonds or notes?

A. No, sir.

Q. Paid you money?

A. No, sir.

Q. All I want to know is whether or not the consideration came from the sale by him to the Eastern Railroad; did what he paid you in come from the Eastern Railroad?

A. No, sir.

Q. Tell us how it was, if ever?

A. I don't know that that has anything to do with it; he paid me; I have his security, which is perfectly satisfactory.

Q. Very well, then, that is all; I only wanted to know whether he turned over a part of what he got from the Eastern Railroad?

A. No, sir; he did not.

Q. He never paid but \$20,000?

A. No, sir.

Q. Never has?

A. No, sir.

Q. You knew he sold it for \$190,000?

A. He told me he had.

Q. Did you ask him to turn over any part of that to you?

A. No, sir.

Q. Didn't consider it belonged to you, did you?

A. No, sir.

Q. You considered, then, that it was a fair thing for you, as the guardian of those children, to sell the property for \$20,000, which was half what he sold for \$190,000, and that was the end of it?

A. Yes.

Q. Weren't you surprised at the price he got?

A. I thought it was a pretty good price.

Q. Did; and you thought \$20,000 was a good price, under the circumstances?

A. Yes.

Q. The difference, you know, is, how much? As Kossuth once said of our good friend Orestes Bronson, "His ignorance is immense." Isn't this immense—the price immense?

A. It is a good price; I think a fair price.

Q. Well, that is all you know about it?

A. Yes.

Q. You had nothing to do with building the depot?

A. No, sir.

Q. Nothing to do with destroying it?

A. No.

Q. Didn't see the roof go into the water?

A. No, sir; I saw it go on to the ground, I think.

Q. (By Mr. OSGOOD.) Did you get leave of the probate court to sell the land?

A. I did.

Q. And did you sell it at private sale, or auction?

A. At private sale.

Q. Did you make any affidavit in the probate court?

A. I don't remember; Judge Newell did the business for me.

Q. Don't know whether you made an affidavit or not?

A. No sir; he secured all the papers from the probate court, and secured the deeds, and everything was done through Judge Newell.

Q. (By Mr. NOBLE.) Did you know, before you made the sale, that Mr. Alley was to get \$190,000?

A. No, sir; I did not.

Q. You knew he was going to get a larger sum?

A. I expected he would get all he could.

Q. Make all he could out of it?

A. Yes, I did.

Q. (By Mr. THOMAS.) You mean to say that, as trustee of the estate—
You don't mean to say that this was taxed for any \$20,000 before it was bought?

A. I think it was taxed for \$8,000; it was taxed with other property.

Q. (By Mr. SHATTUCK.) Mr. Lawrence's report says it was taxed for \$4,000?

A. I know, at the time he sold it, it was taxed that year for \$8,000.

Q. (By Mr. MOSLEY.) You said that, under certain circumstances, this was a fair price?

A. Yes, I did.

Q. Now, supposing you had found that there was to be no depot there?

A. I should not have sold it.

Q. Should not have sold it?

A. No.

Q. Why, you would have thought it was a fair price?

A. No, sir; I should not. As I have already stated, there was other property in close proximity to this property, that would be enhanced, —well, more than threefold,—if there was a depot.

Q. You say it made comparatively little difference what you got for it, provided the scheme was carried through; that you would get enough profit on the other part; and the fact that Mr. Alley bought it, and made money on it, you didn't care anything about; of course?

A. No, sir; I did not.

Q. You felt he did it the same as he would by any property, and did the same as any other man,—got the best price he could?

A. Of course, I think he is a man like the rest of us, and would make a good trade.

Q. And if he did make a good trade, it would belong to him, and not to the children you were guardian for?

A. Yes.

TESTIMONY OF GEORGE F. FIELD.

Q. (By Mr. THOMAS.) You have been sworn?

A. Yes.

Q. Will you give the Committee your full name?

A. George F. Field.

Q. Were you connected with the Eastern Railroad at one time?

A. I was.

Q. Are you connected with it now?

A. No.

Q. In what capacity were you connected with it?

A. As general passenger agent.

Q. Where was your place of business?

A. At 134 Washington Street, old number; 238 new number; corner of Spring Lane.

Q. You never made any investigation of the affairs of the Eastern Railroad?

A. No.

Q. Have you any knowledge of any purchase of property made for the Eastern Railroad?

A. No.

Q. You had charge of the passenger business only?

A. That was all.

Mr. THOMAS. [To Committee.] I had no conversation with Mr. Field before he came here, and so I did not know what information he might have.

Q. (By Mr. E. W. JAMES.) Have you ever heard from any of your Western friends, after Mr. Cummings put in his resolution,—anything about Mr. Cummings writing to them and advising them to unload themselves of stock and bonds?

A. I do not know what you mean.

Q. Didn't you hear that from Chicago friends?

A. No; no.

Q. Well, what was there about that?

A. I think there was a letter which Mr. Wooldredge showed me,—I think from somebody in Cincinnati, who held bonds. I think Mr. Wooldredge showed me the letter, one day. There was something in it about information which Mr. Cummings had given; but I do not remember whether it was about unloading and selling, or not.

Q. But was that it?

A. It looked that way.

Mr. JAMES. I wanted to show the Committee what kind of directors the stockholders had at that time.

TESTIMONY OF CHARLES H. JOHNSON.

Q. (By Mr. THOMAS.) Mr. Johnson, have you been connected with the Eastern Railroad in any way.

A. Not specially; no, sir.

Q. Do you know anything in respect to its management?

A. No, sir.

Q. Do you know anything about the purchase of property for it?

A. No, sir.

Q. By anybody connected with the Eastern Railroad, for that railroad?

A. No, sir.

Q. (By Mr. JAMES.) Do you know anything about the time that we Eastern Railroad folks were electing Mr. Cummings? Did you see Mr. Cummings then?

A. No, sir.

Q. Didn't you see him about the time of his election, or after?

A. What election?

Q. His election as state director of the Boston & Albany Railroad.

A. I saw him afterwards.

Q. What did you say to him? Tell the Committee just what it was.

A. I think I was summoned here to testify concerning the Eastern Railroad.

Q. This is in regard to the Eastern Railroad.

A. Last winter, a year ago, I was here one day, and went into the legislative hall. I was asked to distribute votes for Mr. Cummings for state director of the Boston & Albany Railroad. I asked Mr. Williams who Mr. Cummings was. He told me that he was a nice, respectable man, president of the Shawmut Bank, and he would like to have me help him elect him. I said that I had nothing to do, and was well posted, having been a messenger, and would help him. I got some tickets, which I distributed. They bore the names of Mr. Cummings, Mr. Hayes and others. Afterwards, I saw Mr. Cummings, and asked him if there was not money paid to somebody to help him to get the election. I said, that if there had been money paid out, I wanted some. He hesitated a little, and said, finally, that there had been money paid out. I asked him what it was paid for; and he said, for printing tickets, etc. I asked him how much had been paid; but all that I could get him to say was, that \$120 had been paid. I asked him to whom the money had been paid, and he said, to Mr. D. N. Skillings.

Q. Who gave you the tickets to distribute?

A. Gen. Foster and Mr. Nichols.

Q. (By Mr. WILLIAMS.) Who asked you to distribute tickets?

A. Gen. Foster and Mr. Nichols.

TESTIMONY OF SAMUEL C. LAWRENCE—*Continued.*

Q. (By Mr. MOSELEY.) Before Mr. Thomas goes on, I have a few questions which I would like to ask. Is there a contract between the Eastern Railroad and the Boston & Maine, with regard to the division of earnings at certain points of competition?

A. I know that there is a division, but I cannot swear that there is a contract. I have searched for it, and have not been able to find any.

Q. Who is the auditor who divides the earnings between the two roads?

A. Mr. Frazer,—Douglass Frazer, I think.

Q. He occupies that position now?

A. He does.

Q. Is he here?

A. I do not see him.

Q. I mean, is his place of business here,—in Boston?

A. Yes.

Q. (By Mr. THOMAS.) Have you the report of the investigating committee, in respect to which you spoke at a former meeting?

A. I have, sir,

Q. Will you let us have it?

A. Here it is, sir.

Q. Some inquiry was made, in your absence, the other day, in respect to a contract between Mr. Lothrop and Capt. Deering. Have you ever seen any such contract for the purchase of the Bar Harbor property?

A. I have not.

Q. I believe I did not inquire about the purchase of Maine Central stock, at the former hearing?

A. No, sir.

Q. When was the first time you knew anything about the purchase of that stock?

A. May 10, 1875.

Q. At the meeting of the directors?

A. Yes, sir.

Q. At the meeting of that day?

A. Yes, sir.

Q. Had you learned the fact previously?

A. I had had an intimation of it that morning.

Q. From whom?

A. I cannot recollect the name of the gentleman. It was a gentleman to whom I was introduced by Mr. Wooldredge, at the Eastern station.

Q. You had been a director of the Eastern Railroad, how long?

A. From the previous February, when the election was held.

Q. And from February to that time, you had heard nothing about this Maine Central stock?

A. No.

Q. What took place at that meeting, as nearly as you can remember?

A. In what particular?

Q. In reference to this stock?

A. Mr. Wooldredge stated that there was a matter of unfinished business to which he wished to call the attention of the board. He said that some action should be taken to complete the purchase of the Maine Central stock, intimating that some action was necessary, as he said, to fix the matter up. He said that he had consulted the counsel of the road, and the counsel had recommended that a vote be passed; and he presented a copy of the vote. He read the copy, and stated to the board that, if desirable or agreeable,—I forget the exact word,—he would like to have a vote of that kind passed. He handed the vote to Mr. Williams, and Mr. Williams arose and submitted the vote. I remember that, in particular, because I noticed that it was a peculiarity of Mr. Williams to rise when he made a motion, and I do not know that any of the other directors did. He arose and read the motion, and Mr. Hooper seconded it. It was then put to the board. I did not vote myself, because I did not know anything about it.

Q. Some time early in the day, it had been intimated to you that there was stock held by the Eastern Railroad, but you had not inquired as to the amount?

A. I did not know that there would be any action by the board.

Q. It was only an intimation that you received?

A. That was all.

Q. Did you learn what amount had been purchased?

A. I did not.

Q. And when that vote was passed, you did not?

A. No. The gentleman to whom I was introduced was largely interested in Maine Central stock,—so he said. As we were walking up the

street to State Street, he said, "Well, you have done a smart thing." I replied that I did not know to what he alluded. I said, "I presume you allude to some action of the road." He said, "I do; I allude to the purchase of Maine Central stock; lately you have succeeded in getting enough stock to control the Maine Central road, and I presume you are going to turn us all out." That was the first intimation that I had of the purchase of Maine Central stock by the Eastern Railroad.

Q. That was on the day of the vote being taken at the meeting of the board of directors?

A. In the morning, as near as I can remember.

Q. Was this gentleman—I am desired to ask—to whom you were introduced, and with whom you conversed, a man who had been elected a director of the Maine Central Railroad at the meeting of the March previous?

A. Not that I know of. I perhaps ought not to swear that this conversation occurred on the morning of the day of the directors' meeting. It was the morning of some meeting of the board, and I rather had the impression that it was the meeting of that day.

Q. Was the vote shown to you before the meeting?

A. It was not.

Q. Mr. Lawrence, what had you to do about the purchase of this stock afterwards?

A. Nothing whatever.

Q. Nothing at all?

A. No.

Q. Was there any of it paid for by your direction?

A. Not at all.

Q. You did not vote, then, as I understand you, in favor of the confirmation, and took no part in the transaction?

A. None at all.

Q. And perhaps never, up to this time, have done anything in respect to the purchase of the stock?

A. No. I was thinking, at the time, of what a position I had placed myself in, with regard to the gentleman with whom I had been conversing,—thinking that, as a director of the Eastern Railroad, I should have known something of the purchase of so large an amount of stock; I was thinking that, when I told him that I did not know anything about it, he must have thought that I was either a knave or a fool.

Q. You do not remember whether or not anything was said, at the meeting, concerning the amount of stock which had been purchased?

A. I do not.

Q. Were you present, afterwards, at a meeting of the directors, when Mr. Haven read a letter, in which he stated and complained that this vote was recorded wholly wrong?

A. I was.

Q. And had that letter placed on file?

A. Yes.

Q. Was there any conversation there about it, at that time,—conversation with respect to the correctness of this statement?

A. Mr. Wooldredge said that the statement was not true.

Q. Was there anybody else who dissented from Mr. Haven's statement?

A. I do not know.

Q. You did not?

A. I did not, because I knew nothing about it.

Q. The point suggested to me, is, why, if you were present when that vote was passed,—why, when Mr. Haven pronounced it false, you did not dissent from his assertion?

A. I think I went to Mr. Haven, shortly afterwards, and stated that I thought he might be acting too hastily in the matter. I think that, also, Mr. Haven will remember that, when he informed me that he was going to write a letter relating to the publication by the railroad commissioners, I stated to Mr. Haven that I thought that he would not be wise in so doing.

Q. It is suggested to me to ask if you had any conversation with Mr. Haven, at that meeting, other than that which you have described, in which you stated that he was right or wrong, when he presented his letter, and said that there was no such vote passed; that it was all wrong; that there was no such vote passed? Did you have any conversation with him, in which you told him he was right or wrong?

A. I do not remember saying anything to him during the meeting; but I do to other members.

Q. Did you afterwards, or on examination of the books and accounts, or at this investigation, find out exactly what the cost of the Maine Central stock had been?

A. I found it, as given in the report.

Q. Do you remember what that was,—the outlay on account of this stock,—precisely what the cost of the stock to the Eastern Railroad was?

A. It is figured at \$1,200,000, in round numbers.

Q. That does not include interest, perhaps?

A. It includes interest to September 30, 1874.

Q. When you made up that report, and put the value of the stock at \$859,895, you estimated it at about 56½ a share?

A. I do not remember the figuring.

Q. Well, you put it at something less than it cost; how did you get at the appraisement of the value, in this report?

A. The figures are given exactly as the stock stands charged upon the books of the company.

Q. Well, who fixed that charge? It is an appraisement? Who made it?

A. No, sir; it is not.

Q. This is not what it cost?

A. No, sir.

Q. How, then, did you get at that sum? You took it from the books, but how did it get there? Whoever put it there must have got it up in the appraisement way?

A. The original cost of the stock was entered upon the books, and afterwards, a certain amount was charged off; this is the balance.

Q. Was that not charged off?

A. Yes.

Q. How charged off? To profit and loss?

A. I am not positive to what account it was charged.

Q. What I want to know is this: That stock cost, in round numbers, \$1,200,000, and it is put down at \$359,895—how do you account for the difference?

A. Part of it is interest, and the balance was charged off to some account, to show that it stood on the books at less than it actually cost.

Q. It was not so fixed, because that was its market value?

A. No, sir.

Q. You are a director in the Maine Central Railroad?

A. I am now.

Q. Did you, in your investigation, find out about the cost in the transaction in respect to the sugar-refinery in Charlestown?

A. No.

Q. Could you not find out?

A. I did not undertake to find out about it.

Q. Nor since?

A. No.

Q. Was that purchase made through Mr. Whitmore?

A. I do not know. I ought, perhaps, to correct one idea that I may have given in this conversation, with the gentleman to whom I was introduced by Mr. Wooldredge, where he stated that we were going to turn them out. That may not have referred to the directors of the Maine Central road, but to some of the officers. He alluded to the possibility that the Eastern, having obtained control of the Maine Central by securing a majority of the stock, would make some change.

Q. (By Mr. FAIRBANKS.) A single question. Do you consider that the record of the meeting, at which the vote in regard to Maine Central stock was adopted, is correct? Do you view it so?

A. I know it is so.

Q. That it is a fair record?

A. Yes. That was the first intimation that I received that the Eastern Railroad owned any stock, having stated to the gentleman of whom I have spoken that I did not know anything about it, and that he need not trouble himself about it, for I thought if any stock had been purchased, I should know about it. Then it was a matter of astonishment to me to know that the road had actually purchased a controlling interest that I did not know anything about. It struck me, in what I had told that gentleman, that I had put myself on the horns of a dilemma, either of which was very disagreeable.

Q. (By Mr. THOMAS.) Was the vote read?

A. Yes, it was read from a slip of paper.

Q. Was it about the same in form as it stands on the record?

A. I so remember.

Q. A matter was disclosed to this Committee, yesterday, in your absence. Did you, personally, have anything to do with the employment of Mr. Sanborn?

A. No, sir.

Q. Have you had anything to do with him since?

A. No.

Q. Previously to your becoming a director, and, of course, before you became president, some large amounts of money were drawn from the company. Will you tell us what about that was found by this investigating committee? What, if anything, did you discover about that expenditure?

A. I discovered that such amounts had been expended, but did not investigate further. I simply came to the conclusion that \$100,000 to \$125,000 had been expended during a year and a half.

Q. Beginning when, and ending when?

A. Ending with the last payment. I cannot give the last date.

Q. The total was \$100,000 to \$125,000?

A. That is the rough calculation.

Q. Then you understand that more was paid than has been represented here,—which was only seventy-seven or seventy-eight thousand dollars,—to Mr. Sanborn?

A. The money was paid to various parties.

Q. Who were the other parties?

A. I could not remember.

Q. Have you nothing in this report about it?

A. No.

Q. No mention of it?

A. No; we did not discover it until the report was completed. That was simply a partial report. We did not go back to that time, Mr. Cummings suggests. The object of the investigation was to get at the exact condition of the road, September 1.

Q. When you discovered the fact that there was simply a receipt to the Eastern Railroad, on account of \$5,000, did you not call on somebody to know what that was on account of?

A. Yes.

Q. What were you told?

A. I was told that the expenditures were on account of the "third house."

Q. What is the "third house"?

A. I understood the answer to mean the lobby.

Q. You mean that—

A. I mean that the money was paid for lobbying.

Q. So far as you have ascertained, give us the best information that you have; by whose authority was that expenditure made?

A. I cannot tell positively; but, I understand, on the authority of the then president of the road.

Q. Who was that?

A. Mr. Lothrop or Mr. Wooldredge. I think the bulk of it under Mr. Lothrop.

Q. How much under him?

A. The payments were, in all, about \$125,000. It was a matter which I have not investigated closely.

Q. All this, that I am talking about, was paid out before you were president?

A. Yes.

Q. And most of it before you were director?

A. Yes.

Q. Have there not been some large payments since you were president?

A. Not a dollar; not a cent.

Q. I do not mean on account of the third house, but the legal expenses?

A. We have paid \$2,000 to William G. Russell, \$2,000 to Charles Levi Woodbury, and \$3,000 to Gen. Butler,—all as retainers.

Q. For what?

A. At a meeting of the board of directors, a vote was passed instructing me to procure the services of those three gentlemen, in order that we might have their assistance in consulting as to what would be the best course to be taken, at a time when bankruptcy threatened the affairs of the road.

Q. Then it had relation to bankruptcy proceedings?

A. Yes.

Q. What I want to get at is, whether or not it has, so far as you know, been acted upon by the officers of the Eastern Railroad, to employ counsel to attend the Eastern Railroad meetings,—to attend the meetings of the stockholders of the railroad,—and to aid in the election of any ticket, previously agreed upon. Have you not discovered, in some investigation which you have made, or have you not seen, facts which lead you to infer that the plan was for some half-dozen gentlemen to meet and agree upon a ticket, and then have counsel employed, at the expense of the company, to go and advocate their election?

A. I never have instructed the counsel of the road.—

Q. No; but have you not seen enough of it in the vouchers to satisfy your mind of that?

A. No, sir; I could not say that I have. I know there were no counsel employed to influence this last election,—not to my knowledge.

Q. One of the counsel was not there, certainly, but two that you mentioned were there.

A. I asked them to be there, in order to explain the plan, not to influence the election.

Q. Well, I will put it again. Have you seen facts enough to lead you to believe that that has been done at some time by those who controlled this company? To have a ticket agreed upon,—have it printed,—and then, not only to have vote-distributors, but to have counsel there to advocate the election?

A. I could not say that I have.

Q. Were all these counsel retained in anticipation of bankruptcy proceedings?

A. Yes, sir.

Q. Did you not regard retaining fees of that kind as rather large?

A. I did, and so stated my opinion to the gentlemen.

Q. (By Mr. SHATTUCK.) You could not get them for any less, could you?

A. No, sir; and they wanted cash in advance, besides.

Q. (By Mr. THOMAS.) I want to see how that is. Did you ask them to take any less?

A. I was assured—

Q. Well, you did not ask that, you would not do that, I suppose?

A. There was a consultation held in Mr. Butler's office, where the fee was established.

Q. Who established it? Who stated that these sums should be given? I consider them large.

A. I was instructed, by vote of the board, to engage the services of Mr. Woodbury; Mr. Russell was the counsel for the road, and we had been consulting with him. I was instructed by a vote of the board to secure, also, the services of Gen. Butler. I saw Mr. Butler, and told him that the company would like to retain him in the matters which were then pending. After we had had two or three consultations, he detained Mr. Russell in his office, one afternoon, after I had left. Mr. Russell told me afterwards that they had decided upon the fee to be charged. Mr. Butler's fee was to be \$3,000, Mr. Woodbury's \$2,000, and his own \$2,000. I intimated to Mr. Russell that I thought it was exorbitant. He said, "We mean it as a retainer, to be used up as we shall be needed. At least, that is the way that I mean my part of it shall be used, and I presume Mr. Butler does." I consulted with Judge Woodbury, and he stated that he should take the fee that had been established, but that he proposed to work it out.

Q. Well, then, I notice that you have merely got a receipt from one of these gentlemen on account?

A. I understand that they are all of that nature.

Q. So that the extent of the whole bill you do not know, but you do not expect that it will be less than \$3,000. You do not expect that any of it will be returned?

A. I understand that they never do that. That is not the custom.

Q. So that the bills may be more than that. These are payments, merely, on account?

A. Yes.

Q. (By the CHAIRMAN.) Is that language, then, merely ornamental, that they mean to work it out, or will they really work it out?

A. Judge Woodbury means to work it out, in business, for the road, and so, I understand, does Mr. Russell. They mean to work it out, not only in charges in reference to the proceedings of the road as relating to bankruptcy, but in any other action that may arise; and I understand that they are working in that way. I notified both of them that they were not to exceed the amount. I did not see Mr. Butler.

Q. (By Mr. THOMAS.) Did you suppose that bankruptcy was imminent?

A. We expected it momentarily.

Q. And they were the counsel employed?

A. Yes, sir; and Mr. Hoar and Mr. Sidney Bartlett were retained at the request of the committee of the creditors.

Q. That being the case, why should they not pay them?

A. The members of the committee of the creditors, who were present, thought that it would be best for the road to get the opinions of those two gentlemen, upon the validity of the proposed action to be taken by the legislature.

Q. The validity of this bill now before the legislature? You had opinions from those two gentlemen?

A. Yes, sir. That action was afterwards ratified by the board of directors, and they were engaged.

Q. Then Mr. Butler, and Mr. Woodbury, and Mr. Russell, and Mr. Hoar, and Mr. Bartlett were retained. Mr. Hoar and Mr. Bartlett to give their opinions as to the validity of the proposed measures?

A. Yes.

Q. And the others were retained as counsel?

A. Yes.

Q. And to act in proceedings in bankruptcy?

A. Yes, though we did not want to put the road into bankruptcy; we wanted to avoid it.

Q. The fees, you understood, were for services to be rendered as counsel?

A. Yes, sir.

Q. And that is what those bills are for?

A. Yes, sir.

Q. Coming back to the matter of the third house. Is not that money, as you understand it, not for services rendered, or to be rendered, but simply as an influence?

A. Yes, sir.

Q. That is to say, these gentlemen are to be used either defensively or aggressively, as circumstances may require. That is what you understand?

A. Yes.

Q. But, practically, the influence, if used at all, is sometimes used on the other side, for those who pay the highest?

A. Sometimes.

Q. Do you not understand that it sometimes has been in this way: that \$5,000 is given to a person for his influence, to act either defensively or aggressively; and, sometimes, if another party gives \$6,000, the \$5,000 is dropped into the pocket and the influence is thrown on the other side?

A. I have understood that to be done.

Q. So have I.

A. I do not wish to be understood as depreciating the third house; I think it is useful, sometimes.

Q. Your idea would be this: that it would be well to employ some persons to ascertain and inform you if any measures had been taken against your interests; and, when you want anything done, you would employ some person to have it properly presented?

A. Yes.

Q. But it practically goes beyond that ?

A. It seems so.

Q. What would account for that immense expenditure of \$125,000 on the third house ?

A. I know only the fact that the money was paid.

Q. Do you not regard it as an irregularity for a man to have been paid \$77,000 for some purposes, and he never to have rendered any account of the disposition made of the money ?

A. My idea is, that the president of the road has no authority to expend money without the instruction of the board of directors ; I certainly have never done so ; I do not regard the payment of that money as proper.

Q. You have recently attended a meeting of the Maine Central directors ?

A. I have.

Q. Will you tell the Committee in what state, whether prosperous or otherwise, you found that road ? I want to show what its effect will be upon your road ?

A. The report for this year, which I have read, gives a more satisfactory exhibit of the affairs of the road, than I had supposed possible.

Q. Do you believe it to be true ?

A. I have no reason to doubt its truth.

Q. But from the information which you have obtained, what would you say ?

A. I should say, that, with good times, the road is destined to advance steadily in prosperity, and the day is not far distant when it will pay dividends.

Q. Perhaps you would be in favor of consolidation ?

A. I should be in favor of it.

Q. The Eastern in New Hampshire is not separate from your road, and independent of it ?

A. Yes, it is.

Q. Legally, I know it is ; but is it practically ?

A. No.

Q. It is all carried into your road ?

A. Yes.

Q. Do you know of any property of much magnitude now belonging to the Eastern Railroad which could be well disposed of without detriment to the business of the road ?

A. I have no figures on the subject at hand, and this balance-sheet would not help me much ; I think that about \$2,000,000 worth of the property could be sold, although if sold, some portion of it, or something to take its place, would have to be repurchased within ten years for the use of the road, at perhaps several times the present value.

Q. What portion could be sold independently of that ? You would not want the East Boston property, I suppose, in the future ?

A. A certain portion of it would be wanted.

Q. Could you sell the Wolfborough wharf property ?

A. I do not know that it would bring enough to make it an object.

Q. Gen. Lawrence, would you advise selling the Maine Central stock ?

A. I would not.

Q. You think that it is essential ?

A. It is, until some kind of a contract is made with the Boston & Maine to stop this competition, which I regard as the cause of all the trouble.

Q. Would you advise the selling of the Maine Central stock at par ?

A. I would not advise the Eastern Railroad to sell to-day, even at par.

Q. About that overissue of bonds which you said you would investigate—the \$33,000—will you explain to us about that ?

A. Having been away from the city, I have not had an opportunity to investigate that matter further, but the error arose in this way : \$75,000 worth of the bonds were delivered by Mr. Colgate, the auditor, to Mr. George S. Treadwell, treasurer of the Portsmouth & Dover Railroad, as a pledge for stock transferred to the Eastern Railroad. The property entry of that transaction was omitted.

Q. By Mr. Colgate ?

A. Yes. So, when the treasurer came to deliver, afterwards, what he supposed to be the actual balance of the issue, he was misled to the extent of \$33,000.

Q. There was nothing intentional about it ?

A. No.

Q. Nothing from which he derived any advantage ?

A. Not a cent. It is an error which can be corrected, because the bonds have not been sold, standing only as collateral, and they will be taken in in a short time.

Mr. THOMAS. I suppose Mr. Lawrence will be able to give some information in respect to the prospect of this road ; but I would prefer that the Committee should ask him, as they know what the bill is, better than I do.

Q. (By Mr. WILLIAMS.) You went through the accounts on the investigating committee pretty thoroughly ?

A. I did.

Q. Do you consider that you fully understood the situation, and the accounts of the road ?

A. That I do, now ?

Q. That you did at that time ?

A. No, sir.

Q. Did you consider that, at the time the last report to the railroad commissioners was made, you knew fully what the amount of the debt was ?

A. I think we knew the amount of the debt, when we made the investigation, and also at the time of the report to the commissioners.

Q. You are aware of the currency of statements that nobody knew what the debt was. Is there any ground for believing that the debt is larger than fourteen or fifteen millions ?

A. There are some outstanding claims which do not appear in the report.

Q. How much ?

A. There is a claim which the Boston & Maine has on account of the

Portland, Saco & Portsmouth, which is not counted in. The Boston & Maine owes the Eastern Railroad about \$120,000, and they claim that the Eastern owes them about \$500,000.

Q. What else is there ?

A. I want to state that that claim is *ad damnum*. It is supposed to be double the real amount claimed.

Q. What other claims are there, of any magnitude ?

A. There is a claim of \$28,000 on the Austin Street estate.

Q. (By Mr. SHATTUCK.) Is that in the report ?

A. No, sir.

Q. (By Mr. WILLIAMS.) What else is there ?

A. Since the date of this report, there have been claims coming in, of various amounts, from \$10 to \$1,000 or \$1,500. They may amount, perhaps, in the aggregate, to \$100,000.

Q. Would \$400,000, in your judgment, cover all the debts not mentioned in the report ; putting the claim of the Boston & Maine Railroad at \$200,000.

A. Yes, sir. But then—

Q. The law is very uncertain ?

A. There is a certain amount of that claim which will have to be paid ultimately.

Q. About the earnings of the road. You are also aware, I suppose that the statement has been made that nobody can tell what the earnings have been. How nearly can you state the net earnings of the road in 1874 and 1875 ?

A. I cannot tell what the earnings were for 1874.

Q. Well, for 1875 ?

A. That is stated, there, at \$750,000 above the operating expenses.

Q. Have you any reason to doubt the correctness of that estimate ?

A. I have ; I know it is wrong.

Q. What would be right ? In what particular is it wrong ?

A. I will state, first, that when this report was made, I had every reason to suppose that these figures were correct. I worked hard to have it so,—worked harder than I ever did on anything before in my life. When the report was made, I supposed that it was absolutely correct. The figures which it contained were based upon the statements given to me by the treasurer and clerks in the treasury office ; and I also made examination, personally, as far as was in my power at that time, and I supposed that I had obtained the exact figures. Some time afterward, when it was too late to make a correction in the report, while I was pursuing the examination which I was conducting, I discovered that there was an error which vitiates the table on page 4 ; namely, that the income above operating expenses, instead of \$742,000, is about \$90,000 less, for 1875.

Q. Did you find any other ?

A. I will state that the error occurred in some cross-entries that were made to correct some cross-entries made in 1874.

Q. Now, Gen. Lawrence, what, in your judgment, may be counted upon as the gross receipts for the year 1876,—this present year,—taking

into account the reduction of expenses which you have made and which you will make probably through the whole year?

A. It would be very difficult to make an estimate of that nature.

Q. We are aware of that.

A. Such an estimate depends entirely upon the condition of the times, and these are times when it is almost impossible, so business-men tell me, to form any kind of estimate which is reliable.

Q. We are aware of that; and somebody must guide the opinions of the legislature, and probably you are as competent to do it as anybody.

A. You ask me what would be the estimated gross receipts for the year?

Q. The gross receipts from all the property of the road.

Mr. THOMAS. Including rents and everything, you mean?

Mr. WILLIAMS. Yes.

A. He asked me the gross receipts.

Q. (By Mr. THOMAS.) Well, that would be the receipts from all sources?

A. I have estimated myself that the gross receipts would be about \$2,500,000.

Q. (By Mr. WILLIAMS.) Well, now, in the way that you have been conducting the road, and taking into account all the probabilities, what amount would that leave you, net, above the operating expenses?

A. I am in hopes that the road will have left \$800,000.

Q. Well, sir, do you think that may reasonably be expected?

A. It is hard to predict, sir.

Mr. THOMAS. The Chairman means, if you are let alone, and allowed to go on uninterrupted?

Q. (By Mr. WILLIAMS.) Assuming that things go as they may reasonably be expected to?

Q. Well, I should be greatly disappointed if the road does not receive a net income, above operating expenses, of \$750,000; there are contingencies, of course, which may diminish that, which are liable to occur.

Mr. WILLIAMS. I believe that is all I care to ask Gen. Lawrence.

Q. (By Mr. MOSELEY.) Mr. Lawrence, one word; how much is the road earning now; what is it earning now, above its running expenses, monthly—somewhere 'near?

A. I have not—

Q. I don't mean to get it into exact figures, but some approximation—this, of course, is the worst time of the year?

A. It is very difficult to answer your question, for this reason, that since the first of December claims of various amounts, which belonged to previous years, have been presented, and have been examined and entered as allowed in the bills audited; those, consequently, appear as present expenses, and should be eliminated from the accounts before the exact income can be determined. I have been at work, during the past fortnight, endeavoring to eliminate those expenses, and to get at the exact conclusion, but I have not completed the work.

Q. Of course you are paying your running expenses; that is, the necessary bills,—you are paying cash, I suppose?

A. Yes, sir; as far as we can.

Q. You of course don't pay any of these that have come into the previous years, which you speak of?

A. Not often.

Q. Well, what are you doing with the money which you—

A. For instance; we owe a man \$500 or \$1,000 and we buy a bill of goods of him, for instance, this month, and we pay up the oldest bill he has, and then the présent bill stands.

Q. That is, the oldest bill he has prior to the suspension?

A. Yes, sir.

Q. What had accrued previous to the suspension, he must wait for; is not that it?

A. Some of them say they prefer to have the old bills paid to having the present; that it is better for their books. These are not matters of large amounts; I have reference to bills of \$50 and \$100.

Q. Small supplies?

A. Yes, sir; they prefer to have the oldest bills settled first, that is all.

Q. Did I understand you to say that you knew of the existence of this contract with the Boston & Maine Railroad, and had looked for it and was unable to find it?

A. I heard there was such a contract, and looked for it, and have been unable to find it. There are agreements between the Boston & Maine and the Eastern railroads which are copied, and which are not frequently referred to.

Q. I sent down to the Boston & Maine road yesterday, and the following agreement was sent up; I suppose there is another one besides that?

"BOSTON, April 10, 1867.

"Mr. Cogswell, president of the Boston & Maine Railroad, and Mr. Browne, president of the Eastern Railroad, for the purpose of stopping their present controversy, mutually agree for their respective roads,—

"That Mr. Cogswell shall make a tariff for freight and passengers between Lawrence and Boston, and between Great Falls and Boston, including Salmon Falls and Boston, and Mr. Browne agrees to carry out fully the rates so fixed by Mr. Cogswell;

"Mr. Browne shall make a tariff for freight and passengers between Newburyport and Boston, and between Danvers and Boston, including Salem and Boston, and Mr. Cogswell agrees for the Boston & Maine road to carry out fully the rates so fixed by Mr. Browne.

"It is agreed no free passes shall be given to parties on account of, or to influence, business touching the above routes, and no influence shall be used to get business from its legitimate route. A list of free passes on these routes to be kept for mutual inspection.

"F. COGSWELL (subject to approval of his Board).

"GEO. M. BROWNE (subject to approval of his Board).

"Witness: ICHABOD GOODWIN."

A. I cannot say that there is.

Q. You suppose there is another one besides that, don't you; that is quite an old one, I see?

A. There is, certainly, a tacit understanding, if not a contract; whether it is a written or verbal one, I am unable to say. We have quite a number of verbal contracts with the Boston & Maine Railroad; I have made one myself since I have been president of the Eastern road.

Q. The basis of this contract makes up the difference between the claim of the Boston & Maine Railroad upon your road, and is the division of the auditing of the profits that you should receive, or that the Boston & Maine should receive. I understood you to say that the Boston & Maine Railroad made a claim for a certain amount?

A. That claim is against the Portland, Saco & Portsmouth Railroad, and not against the Eastern Railroad.

The CHAIRMAN. The Eastern have assumed it, and agreed to pay it.

Q. (By Mr. MOSELEY.) That is at a competing point, is it not?

A. No, sir; that claim is for betterments in the Portland, Saco & Portsmouth Railroad, while that road was run by the Eastern and the Boston & Maine jointly. This is nothing to do with that claim whatever.

Q. Well, Mr. Frazer, you understand, makes a division of this contract, from day to day, or month to month, does he not, as it goes on?

A. From month to month; yes, sir.

Q. And he will know, probably, on what he bases his authority?

A. Yes, sir.

Q. (By Mr. WILLIAMS.) Gen. Lawrence, have you seen any reason, with the single change which you have spoken of,—the single error with regard to those cross-entries, of about \$90,000,—have you seen any reason, with that exception, to change any statement in your report made to the stockholders?

A. I have not.

Q. (By Mr. OSGOOD.) Gen. Lawrence, the House ordered this Committee, "To inquire whether the president of the Eastern Railroad Corporation has complied with the vote of the stockholders, passed at the annual meeting, February 7, 1875, instructing said president to appoint a committee to investigate the affairs of said corporation." As we were ordered to make that inquiry, I would like to have you state, if you will in regard to that matter.

A. By a vote of the stockholders—

Mr. SHATTUCK. Wasn't that vote passed in 1876?

Mr. OSGOOD. It was in 1876; it is a typographical error here.

WITNESS. Such a vote was passed at the last meeting of the stockholders; the president was instructed to appoint a committee, and the president did appoint a committee.

Q. (By Mr. WILLIAMS.) Of which Mr. Thomas is chairman?

A. Of which Mr. Thomas is chairman.

Q. Now, with regard to the assets, as stated by you in the report made to the stockholders. Take the Lynn land, for instance,—the land that you had in Lynn, or the land that you have in Salem,—those are not, carried out at cost, or at what you estimate them to be worth?

A. They are carried out at the exact figures that they stand on the books of the company, without any reference to their value.

Q. That applies to all the others, does it?

A. Yes, sir.

Mr. WILLIAMS. I don't know whether it is stated in the report; it perhaps is, but I have forgotten. That is all, Mr. Lawrence.

Q. (By Mr. THOMAS.) I see in this report which you have made to the stockholders, as one of the investigating committee, that you have in there 15,274 shares of the Maine Central Railroad; you say all this amount, \$218,536.99, has been charged to profit and loss?

A. Yes, sir.

Q. Mr. Cummings, I think, spoke of some notes of Mr. Wooldredge and Mr. Hooper, if I remember rightly; did you ever notice those, or find any such notes?

A. I don't know to what you allude.

Q. Mr. Cummings, I think, speaks of two notes, if I remember rightly,—one was by Mr. Hooper, and the other, he said, was by Mr. Haven; and then he corrected himself, and said that was not so, and that it was by Mr. Hooper,—do you recollect of having seen any such notes?

A. No, sir.

Q. You don't know, I think you say, of any contract in respect to the Bar Harbor property to be other than this trust deed?

A. No, sir.

Q. The damages paid the Swampscott Railroad for land-damages—have they all been paid?

A. I think there are some outstanding, but I don't know the amount.

Q. Not very large, I suppose?

A. No; not very large.

Mr. THOMAS. I understand, Mr. Chairman, from the testimony of Mr. Lawrence, that this account stands quite differently from what it would have done if there hadn't been outstanding claims against this corporation, which had been incurred previously to his administration, and which had been brought in and paid under it.

Q. (By Mr. THOMAS.) That is so, is it not, sir?

A. Yes, sir.

Q. That has tended to reduce the net income considerably, Gen. Lawrence?

A. Yes, sir.

Q. (By Mr. JAMES.) Did I call down the last of November, or the first part of December, and see you about calling a stockholders' meeting?

A. I don't recollect the date; I remember your calling.

Q. A long time before I had a petition in, didn't you state to me that you would hold a meeting, and that you could manage it, after you had got these able counsel?

A. I don't remember making such a statement.

Q. What did you state to me that evening,—you stopped there some time, and I held off, before I put the petition in, until the 21st of December,—just state what you said to me.

A. I don't recollect the occasion, nor the conversation.

Q. We had a conversation, didn't we, before I put the petition in?

A. We had quite a number of conversations, at different times; but I don't remember the one to which you allude.

Q. Didn't we have a conversation before I put that petition in, and you advised me to hold on, and that you thought you could keep the road from failing? Didn't you state so to Mr. Clark, Mr. Littlefield, and the rest of my friends?

A. I don't remember; but I may have done so; it is quite possible I may have recommended that no stockholders' meeting should then be called; because, at that time, I didn't think it advisable.

Q. Didn't you take my name down, and where my residence was, that night, so that you could notify me, if there was a meeting called?

A. I don't remember, sir.

Q. Just before I went out?

A. I don't remember making that statement.

Q. Don't remember that you ever said you would notify me, and, if there was no more difficulty, you would have a meeting called, when I went out there, and you took the address of my house where I lived?

A. I don't remember, but it would not have been strange for me to have said so.

Q. When that was put in,—the 21st of December,—were you in favor of calling a meeting of the stockholders then?

A. I felt that it was the duty of the president to do it; it was not a question of whether the president was in favor of it or against it; I felt it my duty to do it, and so regarded it.

Q. Who seemed to be the men who were opposed to it?

A. I don't think there was any one.

Q. Well, why didn't you call it? This was in December, and the meeting was not until the middle of February?

A. As soon as the petition was presented to my notice, I presented it to the first meeting of the board of directors held thereafter.

Q. That was the next day?

A. I forget how soon after. The petition was passed round among the directors, and one of the directors said there was a wonderful similarity of signatures, and he thought that some of them had been written by one and the same party,—more than one signature,—and said he would like to look into the matter, and I think a committee was appointed to ascertain if the petition was correct; in other words, if the signatures were correct, and if the parties really wanted a meeting.

Q. You appointed that committee, didn't you?

A. I did.

Q. Who were that committee?

A. I think Mr. Cummings and Mr. Johnson were two members of the committee; I don't remember, at this moment, the third member.

Q. What did Mr. Johnson say to Mr. Cummings in reference to Mr. Wood's name?

A. I don't remember.

Q. Was there any talk about it at that time; about Mr. Wood?

A. I think not.

Q. Cannot you remember any conversation in regard to this forgery

business; we have heard a great deal about the forgery business, lately, and it would strike your eye very quickly, that would. Do you know whether Mr. Johnson went to see Mr. Wood?

A. He did.

Q. What did Mr. Wood say to him?

A. He said, if it was not deemed desirable by the board of directors that a special meeting of the stockholders should be called, he, for one, didn't want it called.

Q. What did he say about the forged signature?

A. I don't remember what he said.

Q. You didn't report back what he said about the signature?

A. No, sir.

Q. That was not what your board was driving at; you weren't particular about the forgery, but Mr. Cummings didn't want a meeting called?

A. I understand that they wanted to ascertain if the signatures were *bona fide* signatures, and also whether the parties really wanted a meeting called; if they did, it was the intention of the board of directors to call the meeting, as they afterwards decided to call it.

Q. Then you sent parties to every one of those petitioners, to find out whether they would withdraw their names or not?

A. I don't know to whom the committee went; I only know the committee was appointed to ascertain the fact, whether it was desirable to have a meeting called.

Q. Now, as president of the corporation, I want to know how my stock is going now. If we should petition, several months hence, would you appoint a committee to travel all over the country to see if they would withdraw their names from a petition? Do you think that is right? That is what I am going to prove you did.

A. I don't know what the committee did.

Q. This is a matter of right; this is a matter of law.

A. I can see no objection to calling a meeting of the stockholders upon the petition of the proper number, at any time.

Q. You had the proper number at that time, hadn't you?

A. Yes, sir; but the question was as to the desirability, or otherwise, of calling a stockholders' meeting, when the annual meeting was so near at hand.

Q. Wasn't the road on the point of failing then?

A. We had failed, effectually, a month before.

Q. Well, you hadn't stopped then; you failed the first of January, didn't you?

A. It may be so called.

Q. That was the time you gave this Mr. Butler a retainer of \$3,000?

A. That was done a month before.

Q. That was done a month before?

A. Yes, sir.

Q. And you thought, before you would call a meeting, you would pay \$7,000 of my money, rather than call a meeting?

A. There was no petition in for a meeting at the time when this money was paid.

Q. But you knew I had been there to put a petition in; I had found out about the legal business before I went to see you?

A. I can only say, with reference to your calling upon me, I was very much puzzled to find out what you wanted.

Mr. WILLIAMS. Mr. James, the committee think that this branch of the inquiry has been pursued far enough.

Mr. JAMES. This man is the president; I can get out of him pretty near the truth, and I want to show it. The first names, he says, on the petition are forgeries, and if anybody did it they should be locked up.

Mr. WILLIAMS. This witness has not said anything about them.

Mr. JAMES. I knew it; it was stated in the board; now, when we discovered—Sheriff Clark and Mr. Wood—what was going on, and how money was spent freely, they asked me to carry that petition round to get it signed. I know who signed it, and can prove the genuineness of the signatures; and now some of the board robbed us, and said no meeting should be called; and then they waited on me, and asked me to withdraw my petition for calling this meeting.

The CHAIRMAN. We understand, Mr. James, that you presented your petition, and the question arose that some of those names—several of them—were written by one hand; that there was a delay in calling the meeting in order to ascertain that fact; that they didn't go round to get people to take their own names off; but there was a delay in calling your meeting to be sure—to see if the names were all real; that is the exact state of the case, is it not?

Mr. JAMES. No, sir; they went round to see if they would withdraw their names.

The CHAIRMAN. No, sir; they went round to see if they were real.

Mr. JAMES. No, sir; they did not.

The CHAIRMAN. At any rate, the Committee understand the exact point, and a volume of evidence would not make it clearer.

Mr. JAMES. The Boston & Albany road, and the Boston & Maine road may be caught in the same scrape; we are going for them, and I want to save other friends in the same way.

Cross-Examined.

Q. (By Mr. SHATTUCK.) How much time have you spent in investigating into the books and accounts of the Eastern Railroad, to try to get at the bottom of it?

A. Every moment that I could obtain since some time in August last.

Q. Well, last August you began, and devoted about three months exclusively to that, as one of the investigating committee, didn't you?

A. I forget the exact length of time; but quite a length of time.

Q. And then, beyond that, you have been investigating since; and I understand that now you cannot speak with confidence, can you?

A. No, sir.

Q. You must, in fact, where a president is occupied, depend upon the statements of other men?

A. Yes, sir.

Q. Now, I want to know if it is practicable, taking Mr. Wooldredge's position, as having a vast amount of financiering to do,—having to make many of the settlements for the land which had been taken in Charlestown, and the other business of running the Eastern road, the Eastern of New Hampshire, and the Maine Central, and all its branches,—I want to know whether it is practically possible for such a man, within a year or two, to do all this business, and, at the same time, get at the bottom of the accounts on his own investigation; whether you must not depend, under those circumstances, upon the reports that people make to you?

A. A president of a road, in a year's time, ought to know the exact condition of the road.

Q. Even if he has \$6,000,000 to raise, in financiering, and also all these other settlements to make? And have you got to it now?

A. I have not got to it satisfactorily.

Q. You have nothing to do in the way of financiering, have you?

A. I have something which takes a great deal of time.

Q. I know you have; but you haven't anything like the load which Mr. Wooldredge had to carry?

A. Yes; but we have a great many claims to pay, and nothing to pay them with.

Q. Didn't Mr. Wooldredge have ten of the back claims, where you have one, growing out of the Charlestown lands?

A. He had work enough; more than any one man ought to do; no doubt of it.

Q. Didn't Mr. Wooldredge, from the time he went in at seven in the morning, until late at night, have as much,—in your judgment, as far as you knew,—as any one man could do?

A. As far as I knew, he did.

Q. Now, I should like to ask you to go back to the meeting which Mr. Cummings has spoken of, where he reported a contract with the Boston and Maine Railroad, and give us an exact account, as far as you recollect, of what occurred at that meeting. Mr. Cummings said that he was disrespectfully treated; will you go back and give us a statement of what occurred at that meeting?

A. Will Mr. Parker give me the date of that meeting?

Q. Let me ask you one question. How much less do you estimate the earnings for this year, for instance, than you would estimate them in good times, suppose you had your present facilities, and business was as prosperous as it was four years ago?

A. Estimate it at a quarter less.

Q. And you would estimate the net earnings at a quarter less?

A. Yes, sir.

Q. So, with the old business of the Eastern road, if you estimate it at \$800,000,—you would say that \$1,000,000, with the average business of the country, would be fair average of the net earnings?

A. Yes, sir.

Q. And if you were consolidated with the Maine Central road, wouldn't you think that they might be increased beyond that?

A. Yes, sir.

Q. I mean the part that would belong to this road; would not you carry it up to \$1,100,000 if you were consolidated with the Maine Central?

A. That I cannot say.

Q. Now, do you consider, if, with average times,—I mean an average prosperity in business, and with a consolidation with the Maine Central road,—that there was any reasonable doubt that they would have earned the interest on \$15,000,000 at six or seven per cent., which they were paying?

A. I do doubt it.

Q. Well, you have some doubts about it.

A. Yes, sir.

Q. But, with an average prosperity of the country,—with a consolidation with the Maine Central road,—you regard it as an unreasonable anticipation that they could earn the interest on \$15,000,000, part of it at six per cent., and part of it at seven per cent.,—say, a little over six and a half per cent.?

A. I do.

Q. Well, you have answered it already. The interest on \$15,000,000 is about \$1,000,000 a year. Now, what I want to know is, if, with a consolidation of the Maine Central, and an average prosperity of the country, you might not reasonably expect to earn \$1,000,000? Don't you think you could?

Mr. THOMAS. Six per cent. would be \$900,000.

Q. (By Mr. SHATTUCK.) Yes, six and a half would be \$1,000,000. What I want to get at, is, whether the anticipations of Mr. Wooldredge and the other directors, if they could carry that debt without being crushed by any controversy in the board of directors, or without any hostility in the board of directors, and with a consolidation of the Maine Central,—could not they pay the interest on the whole debt?

A. I don't know, sir.

Q. Now, this vote was on the 10th of May, 1875. Will you please state what the objections were that were made to the contract which Mr. Cummings brought from the Boston & Maine Railroad,—“memorandum for contract,” I should say?

A. Will you please repeat your question?

Q. What were the objections made to the approval of the memorandum for a contract with the Boston & Maine Railroad, made by Mr. Cummings?

A. Some of the directors objected to some of the provisions; thought they were rather too much in the interest of the Boston & Maine, as against the Eastern.

Q. Do you remember what they were?

A. I do not.

Q. Well, what was said by Mr. Cummings in relation to it?

A. Mr. Cummings said that he regarded it as a fair and equitable contract; at any rate, he had labored hard to make it such, and was anxious to have the vote passed adopting the contract.

Q. What was said and done about it?

A. Some of the directors, as I have stated, objected to the immediate passage of the contract, because they thought that there were one or two provisions which were not what they should be; in other words, that the contract was one-sided; and the directors objected to the immediate adoption of the contract, because it was entirely a new matter to them, and they hadn't had an opportunity to examine it, and they felt— I remember that one stated that a great deal of the difficulties which had arisen between the railroads, had arisen from the fact that they undertook to settle their difficulties by one-sided contracts, which were inevitably broken.

Q. (By Mr. THOMAS.) By one-sided, did you mean too much on the side of the Boston & Maine road?

A. On one side or the other.

Q. (By Mr. SHATTUCK.) What was stated by Mr. Cummings about his determination to carry it through at that meeting?

A. I don't remember that he made any statement with reference to his determination to carry it through, at that meeting.

Q. Or what assurance was he given?

A. I only know that from hearsay; I have never heard Mr. Cummings say anything about it.

Q. Well, state what occurred there—at the meeting; what was then done?

A. Mr. Cummings was exceedingly anxious that the contract should be adopted at that meeting; he said, that if not adopted within ten days, —I think the ten days were nearly concluded,—the whole matter failed, and that all the efforts to bring about a contract ceased, and became null and void.

Q. What was then done with it?

A. The directors insisted that they ought to know more about it, and they wanted to look into the contract further, because they regarded it as perhaps the important step for the railroad to take, the idea being that if these difficulties between the Boston & Maine and the Eastern could be settled, and this competition forever ended, that from that moment forward there would commence a period of prosperity for the two roads which they had not had for years.

Q. Were all the directors desirous of making the contract?

A. They were.

Q. And they didn't wish to make it at that meeting?

A. Yes, sir; because they didn't understand it.

Q. Was it postponed?

A. It was postponed.

Q. Will you state what Mr. Cummings did and said then?

Mr. THOMAS. Rather deferred, than postponed.

Mr. SHATTUCK. It was postponed for one week, for examination.

A. Well, Mr. Cummings was angry.

Q. (By Mr. SHATTUCK.) What did he do?

A. He turned his chair round, and put the back of his chair to the board.

Q. He turned round and put the back of his chair to the board of directors. What did he say?

A. I don't remember all that he said.

Q. What was the nature of his remarks to the other directors?

A. His conversation was more of a soliloquy?

Q. What was the nature of the soliloquy?

Mr. THOMAS. A soliloquy is not usually demonstrative, Brother Shattuck, is it?

Mr. SHATTUCK. Sometimes it is.

A. I don't know that I have used the appropriate word.

Q. (By Mr. SHATTUCK.) I should think you had, exactly the proper word. Will you state the substance of it, whether it was complimentary to the other directors?

A. I don't remember the exact words, but he seemed very much enraged, to think that the measure proposed by him had not been adopted, and regarded it as a matter of personal disrespect to himself, and that the—

Q. What did he say about selling his stock, or doing anything?

A. He said he should sell his stock immediately. When he said that, I asked him: "What is the trouble, Mr. Cummings? I don't understand the occasion for your feeling;" and he said that he had promised the directors of the Boston & Maine Railroad, that this should be adopted by our board, and he was disappointed, and should sell his stock. I said to him, "Mr. Cummings, you are somewhat excited now, and perhaps, on thinking the matter over, you will not do so rash an act as that, because if you, as a director, sell your stock, it will injure the credit of the road."

Q. What did he say to that?

A. He said, he didn't care if it burst the credit of the road.

Q. (By Mr. MOSELEY.) Mr. Lawrence, what was the date of that meeting?

A. May 10, 1875. Well, I don't know as I ought to swear to the exact date that this transaction occurred; it was with reference to this contract.

Q. (By Mr. SHATTUCK.) It was about that time of the meeting in May?

A. It was at a meeting when this subject of the contract with the Boston & Maine was under consideration; but I ought not to swear that it was at this particular date,—yet that is my impression.

Q. In his statement about bursting it, was there any more emphatic words interjected than you have given,—any more emphatic language, I mean?

A. Well, Mr. Cummings swore some.

Mr. THOMAS. What do you mean, that that added strength to it or weakness to it?

Mr. SHATTUCK. I leave that for the Committee to judge.

Mr. THOMAS. I always thought that swearing added weakness, and not strength.

Q. (By Mr. SHATTUCK.) Have you ever found a bill approved by

Mr. Wooldredge, about the indefinite character of which you have spoken ; that is, whether it was on account of services ?

A. I don't recollect any such thing,

Mr. THOMAS. He didn't say he had.

WITNESS. My impression is, that that money was paid out chiefly under Mr. Lothrop's administration.

Q. (By Mr. SHATTUCK.) Well, was there any bill, of such an indefinite character, approved by Mr. Wooldredge ?

A. I don't recollect of there ever being one.

Q. (By the CHAIRMAN.) You have spoken of the acts and conversation of Mr. Cummings, and that was enough, perhaps, for us to draw our own inference from ; and, as you say, a person might say something under excitement which he does not mean ; now, I wish to ask you your opinion : Do you believe that Mr Cummings did anything, afterwards, with the intention of injuring the credit of the Eastern Railroad ?

A. I cannot think he intended to injure the road.

Q. Do you mean to say that you don't want to believe it, or that you don't believe it ?

A. Well, perhaps I don't understand you.

Mr. SHATTUCK. He has stated that Mr. Cummings said that he did not care, with some emphasis and with some profanity. Mr. Cummings has that he went out and sold all his stock and bonds.

Q. (By the CHAIRMAN.) I want to come to Mr. Lawrence's opinion, whether he did act, afterwards, upon sober second thought, with an intention to injure the credit of the road ?

A. I don't know what motives Mr. Cummings had ; I am sure I can only say that, so far as my own individual relations with Mr. Cummings are concerned, they have been very pleasant, indeed ; and I don't want to say a word to his injury. I have always felt that, at the first blush, Mr. Cummings felt provoked with the board of directors, one and all ; and, upon second thought, he found it was no more than fair that the board of directors should have asked time, but from that moment forward, he seemed to have taken up a feeling of hatred to Mr. Wooldredge, personally, which made it very uncomfortable to the rest of us, and why, or wherefore, I don't know. I would like to have you distinctly understand that I am sorry that I have had to state what I have, as you have asked me, under oath, and I have stated it ; I don't want to say anything in injury to Mr. Cummings.

Q. (By Mr. SHATTUCK.) You are a co-director with Mr. Cummings now ?

A. I am, sir, and my dealings with him have always been pleasant.

Q. I think Mr. Wooldredge insisted on resigning, and you urged him to remain in the board ?

A. He resigned because I gave him the choice of either resigning or of resigning myself.

Q. Do you mean of his not taking the presidency, or of your not taking it ?

A. No, sir ; Mr. Jones and myself were a committee to wait upon

him, one day, to ask him if he would not come back and act with the board.

Q. Who do you refer to now?

A. Mr. Cummings.

Q. Well, I asked about Mr. Wooldredge?

A. I didn't so understand you, sir.

Q. When Mr. Wooldredge resigned the presidency, didn't you urge him to remain? That was the question.

A. I had urged him, previously, to remain, but the day he resigned I didn't urge him to remain, because I saw he was not in a condition, physically; he was too sick to remain.

Q. I mean before, when he began to talk about it?

A. Previously, I had urged him to continue.

The CHAIRMAN. I understood this remark, that he said, "You resign or I will." Who does that refer to?

Mr. SHATTUCK. That refers to Mr. Cummings.

Q. (By the CHAIRMAN.) This was a conversation between yourself and Mr. Cummings?

A. Yes, sir. Perhaps I ought to explain that.

Mr. THOMAS. We don't want to go into that.

Mr. SHATTUCK. Perhaps it will be better for Mr. Lawrence to explain what he meant about Mr. Cummings, because the thing has gone down there.

Q. (By Mr. SHATTUCK.) Will you explain what you meant, sir?

A. Mr. Jones and myself were appointed a committee of two to wait upon Mr. Cummings, and see if we could not induce him to return to the board and act with us. He hadn't attended the meetings, and refused to attend while Mr. Wooldredge was acting as president. We had an hour's interview. Mr. Cummings finally made the statement that he should not return while Mr. Wooldredge was in the board, and that no argument that we could use would induce him to return. He also stated that he believed the road must go into bankruptcy. From the fact that he favored bankruptcy, and reiterated that statement, I then said to him, "Mr. Cummings, you don't mean what you say." He said, "Yes, I do; but, Lawrence, you know I always work for what I believe." Said I, "Mr. Cummings, if that is your belief, and you are going to work to put the Eastern road into bankruptcy, I have but one proposition to make, and that is, either you resign from the board, or I will, and I give you the first chance." "Well," said he, "then here is my resignation as director."

FRANKLIN HAVEN—*Recalled.*

Q. (By Mr. THOMAS.) Something was said by some one of the witnesses in connection with Mr. Cook; if you had any transaction with Mr. Cook, will you please state it; if you had none, will you please state the circumstances about it?

A. I had none with Mr. Cook; no transactions with Mr. Cook. I recollect stating to Mr. Wooldredge that a gentleman, whose name I was informed was Cook,—I didn't know him,—had been into my room inquiring for Mr. Wooldredge. I stated that to Mr. Wooldredge, and Mr.

Wooldredge replied that Cook wanted to sell a quantity of Maine Central shares; I then said to Mr. Wooldredge that he must not buy the shares on account of the Eastern Railroad; that I never would sanction any purchase made for the Eastern Railroad. That was all that Mr. Wooldredge ever said to me about Cook; he never spoke to me about any contract with Cook that he made afterwards, and I never heard a word about it until what I heard in the committee-room.

Q. Now, Mr. Haven, you have heard the testimony of the other witnesses in respect to the meeting, and what took place, and in some other respects relating to yourself and your testimony; will you be kind enough to state anything further that you wish the Committee to hear?

A. Well, sir, I never heard of the passage of the 10th of May vote, as it was reported, till October last; then, when a very angry discussion was going on at the meeting of the directors, between Mr. Cummings and Mr. Wooldredge, about the resignation of Mr. Wooldredge, I advised Mr. Wooldredge to tender his resignation. He said that he could not very well; if he did, he thought there would be trouble about Maine Central shares. I still advised him to offer his resignation, and he then put the question to me; says he, "How will you vote, if I offer my resignation?" Says I, "I cannot say; but I advise you to resign." Some of the other directors advised him to resign,—to tender his resignation,—and he did; and then, on the motion of some director, it was laid upon the table,—that was on a Saturday afternoon, in October. On Monday, Mr. Wooldredge again referred to the Maine Central shares, and spoke of a vote that had been passed, intimating, directly or indirectly, that it had reference to the finance committee. The meeting stood adjourned till Sunday afternoon; but pending the meeting, I called upon Mr. Parker for the records, and asked him if there was any vote respecting the Maine Central shares approving them; he laid before me the records of May 10th, stating that, on motion of Mr. Williams, and seconded by Mr. Hooper, the purchases of Maine Central shares, which had been made and procured to be made by the finance committee, be confirmed and approved by the board. Immediately upon said call, Mr. Williams—

Mr. SHATTUCK. Well, this was all stated before, I believe.

Q. (By Mr. THOMAS.) Well, if there was anything previous which you have not stated, please do so; but we don't want anything repeated?

A. I never stated this before, about that meeting. At that meeting, Mr. Williams was present; I called Mr. Williams to read that vote; he read it carefully two or three times; he said, "I never offered that vote; I have no recollection of it whatever." I then took a copy of that vote. Mr. Hooper, who, it said, seconded the vote, was not present. I sent for him the next day, and showed him the copy of the vote, and he said he never saw it; he never seconded it; and that there was no such vote read at that meeting. I then, finding it was in the writing of William G. Russell, went to see Mr. Russell, and said, "How came you to write that vote, alleging that the finance committee had procured the purchases of the Maine Central stock?" "Well," says he, "I thought that Mr. Wooldredge had better not take the whole responsibility of the purchase upon himself, and I asked him who knew about it, and he told me to put in the

finance committee." "Well," says I, "it is a farce; the finance committee never purchased a share, nor recommended the purchase of a share, of the Maine Central stock." I thereupon drew up a letter,—it was hastily drawn,—and at the next meeting of the directors, in a few days thereafter, I read a letter, of which this is a copy, correcting one or two mistakes which I will mention in that letter. Shall I read it?

MR. THOMAS. Yes, sir.

WITNESS. It was at a meeting of the directors of the Eastern Railroad, held on the twenty-seventh day of October last:—

"BOSTON, October 26, 1876.

"To the Directors of the Eastern Railroad Company.

"GENTLEMEN:—My attention has been called within a few days to a vote recorded as part of the proceedings of the directors of this company at a meeting held on the 10th of May last.

"The vote, which appears in the record of that meeting, is as follows:—

"On motion of Mr. Williams, seconded by Mr. Hooper, it was voted, That this board hereby ratifies and approves the action taken by the finance committee in procuring the purchase and control of stock in the Maine Central Railroad Company for the benefit of this corporation."

"I hereby solemnly assert, that no vote or motion was read by the president or any director at that meeting, alleging that the finance committee had taken action in procuring the purchase and control of stock in the Maine Central Railroad Company.

"I was present at that meeting, and distinctly heard every word that the president uttered. No such motion was read, nor was any motion read that contained the words finance committee, or in any manner whatever referred to the action of that committee.

"The president knows that it is wholly untrue that there was any action of the finance committee, as alleged and set forth in the surreptitious vote. He knows, also, that had such an assertion been made in my presence, I should have pronounced it an utter falsehood.

"I have been a member of the finance committee for many years. This committee has never taken action upon any matter whatever, except that of negotiating loans, unless upon some matter specially referred to it by the board.

"The matter of procuring or purchasing stock in the Maine Central Railroad Company, or of taking any action whatever relating to that company, was never referred to the finance committee. No proposition having any possible bearing upon the Maine Central Railroad Company, or upon its relations with the Eastern Railroad Company, was ever discussed or considered by the finance committee.

"All this must be known to the president. At the time this board was organized, after the last annual meeting of the stockholders, and when the several committees were appointed, I took occasion to say that some railroad corporations—instancing the Illinois Central—had an executive committee clothed with power to act during the interim of the meetings of the board. I did not, however, recommend such a committee for the Eastern, as, at short notice, the directors could be assembled to consider propositions of importance, or such as required immediate attention,

"In my remarks, I stated that the duties of the several committees were defined, and that the finance committee, of which I was a member, had never exercised powers which involved the expenditure of money—for it had no such powers—but had restricted its action wholly to the negotiation of loans, or providing means for the payment of bonds or debts.

"As a director of the Eastern Railroad, I never had anything to do with procuring the purchase or control of shares in the Maine Central Railroad Company, and never gave my assent to any such project.

"Except that I had heard, after Mr. Lothrop had ceased to be the president of the company, that an obligation of the company, based on stock of the Maine Central Railroad, was outstanding [that was the stock with Mr. Paine], I did not know, until about one year ago, what stock of that railroad was held directly or indirectly by the Eastern Railroad Company. Then I was informed that the company did hold shares in the Maine Central Railroad, costing about \$500,000.

"Subsequently, or before the close of the last year, the president stated to me, that some arrangement had been made, by which the company was relieved from carrying the Maine Central shares.

"As a director of the Eastern Railroad Company, I have approved large numbers of its notes; but to the best of my knowledge and belief, I have never approved a note made for the purchase or acquisition, in any way, of stock in the Maine Central Railroad Company.

"This fact will be vouched for by Mr. Parker, treasurer of the Eastern Railroad Company.

"Some time last spring, Mr. Wooldredge incidentally expressed to me a desire to purchase Maine Central Railroad shares. I told him, I would never assent to the purchase of shares for account of the Eastern Railroad. [That was the Cook matter.]

"At one time, Mr. G. L. Ward, with Mr. Wooldredge, came into my room,—they having had a private interview in the front part of the bank. He said that, at Mr. Wooldredge's request, he would, before me, as a witness, state that he had agreed with Mr. Wooldredge to make a contract to furnish him, on certain conditions or contingencies, a quantity of Maine Central Railroad shares, or proxies.

"I regarded it as a private and personal affair between the parties, and gave it no attention.

"The Eastern Railroad was not referred to in any way or manner.

"Mr. Ward had conversations with me during last winter, respecting stock of the Maine Central Railroad.

"He knew from my statements, and from other information in his possession, that whatever purchase of stock in that company had been made on account of the Eastern Railroad, was made without my sanction and without my knowledge, and that I would not approve of any additional purchase.

"The records of the meeting of the directors held next after the meeting of the 10th of May, state, that on a motion made by myself, it was voted to dispense with the reading of the records of the last meeting. Such a motion I have made once or twice within the last six months, at

the suggestion or request of the president. I cannot state positively that he made such a request of me, at the meeting held next after that of the 10th of May, but I believe that he did so.

“Very respectfully,

“FRANKLIN HAVEN.”

Mr. SHATTUCK. I will read the following letter from Mr. Wooldredge:—

“BOSTON, Nov. 13, 1875.

“*To the Directors of the Eastern Railroad Co.*

“GENTLEMEN:—The letter from Franklin Haven, Esq., dated on the 26th ult., received by this board and placed on file, makes so many statements utterly at variance with the facts in the case, that I feel it to be my duty to make an explicit denial of any and all charges and insinuations contained therein.

“The vote of May 10, to which he refers, was read by Mr. Williams, and was passed without dissent, as the records clearly prove. In the matter of the purchase of stock of the Maine Central Railroad, all that has been done, by whom, and for what reason, is susceptible of full and ample proof, should occasion require.

“Respectfully,

JOHN WOOLDREDGE.”

Adjourned till 6.30 P. M.

ELEVENTH HEARING.

RAILROAD COMMITTEE, GREEN ROOM, STATE HOUSE, BOSTON, }
FRIDAY, March 24, 1876. }

The Committee met at 6.30 P. M. Mr. WILLIAMS in the chair.

JOHN B. PARKER—*Recalled.*

Q. (By Mr. THOMAS.) Mr. Parker, was there a vote of the directors passed, authorizing the president of the road to pledge securities for loans?

A. There was, sir.

Q. Give me the date of that vote?

A. July 22, 1874.

Q. Now, Mr. Parker, you stated, the other day, that you took these books to Mr. Lothrop's office, to procure his signature to them, and left them there, and didn't see them afterwards; did you understand that subsequently Mr. Lothrop pledged one of these books to the Newburyport Savings Bank, as security for a loan, on which he was indorser, and you didn't see the book again, until it came into your possession somewhat recently?

A. No, sir; I didn't see the book until recently.

Q. Did you understand that Mr. Lothrop, under the authority of that vote, had pledged this book of bonds of \$250,000, as collateral for the loan to the bank, and that he was indorser on that note?

A. I did, sir.

Q. And did you understand that the other book had been pledged, under a like authority, to the Hospital Life Office, for a loan on which Mr. Hooper was indorser?

A. Yes, sir; Mr. Hooper and Mr. Bates.

Q. (By Mr. OSGOOD.) Before you leave the stand, Mr. Parker, have you the copies of these contracts between Richardson, Hill & Co. and Baring Brothers?

A. I have sir.

The contracts are as follows:—

"Messrs. Baring Brothers & Company hereby agree to lend to the Eastern Railroad Company, a corporation established by law of the Commonwealth of Massachusetts, and the Eastern Railroad Company

hereby agrees to borrow of Messrs. Baring Brothers & Company, eighty thousand pounds sterling, on the first day of July now next, at the counting-house of Messrs. Baring Brothers & Company, in London. And it is further agreed by and between said parties, as follows; to wit, The said eighty thousand pounds sterling shall be repaid by the said Eastern Railroad Company to the said Baring Brothers & Company, at their said counting-house, on the first day of July, in the year eighteen hundred and seventy-three, with five pounds per centum as interest and one

Place
U. S. I. Rev.
5 cent stp. pound per centum as commission; or, if the said corporation so elect, at any time before that day, with the full commission of one per centum, and with interest at the rate of five per centum for the year. And the said Eastern Railroad Company, on or before the said first day of July now next, will deposit with the said Baring Brothers & Company, at their said counting-house, bonds of the said corporation, legally authorized and duly sealed and executed by the said company, and in all respects ready for sale and delivery, to the amount of one hundred thousand pounds sterling, in pieces not larger than one thousand pounds each; all said bonds bearing date on or before the said first day of July now next, payable to the bearer, in twenty years after date, at the said counting-house of Messrs. Baring Brothers & Company, in London, with interest either at the rate of six pounds per centum or five pounds per centum per annum, as the said Eastern Railroad Company may hereafter determine, payable semi-annually, also at the said counting-house of Messrs. Baring Brothers & Company, with coupons for said interest attached,—the said bonds and coupons to be a pledge for the payment of said loan, interest and commission; and the said Baring Brothers & Company may sell the said bonds, or any part thereof, with the said coupons, at public or private sale, without notice to the said Eastern Railroad Company, upon the failure of the said last-named company to pay the said loan, interest and commission, as above provided; and the said Baring Brothers & Company may retain, in full compensation for all charges and expenses of any such sale or sales, one and one-quarter per centum on the amount of the proceeds thereof, and may also retain the cost of all stamps requisite for said bonds in England; and the amount remaining of the proceeds of any such sale, after such deductions, shall be placed to the credit of said Eastern Railroad Company in account.

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5 cent stp. And the said Baring Brothers & Company further agree, upon the request of the said Eastern Railroad Company, at any time before the first day of July, in the year eighteen hundred and seventy-three, to use their best endeavors to negotiate and sell any part or the whole of said bonds so deposited in pledge, and to apply the proceeds of such sale to the payment of said loan, interest, commission and charges, and to hold the balance of said proceeds, if any, for the account and credit of said Eastern Railroad Company. And the said Eastern Railroad Company further agrees that if the said bonds are sold, whether upon non-payment of said loan, interest or commission, or however otherwise, or if the same are at any time negotiated, the same shall be sold, or negotiated, by said Baring Brothers & Company, as agents, and that if any other bonds, in excess of said amount of one hundred thousand

pounds, are made or issued by the said company during the present year, or at any other time, as a part of the same issue or series with the bonds first named, and are negotiated or sold in Great Britain, the same shall be negotiated and sold by the said Baring Brothers & Company; and on all bonds which are negotiated or sold by them, they shall be paid the commission and allowed for stamps, at the rate and in the manner above provided.

"In witness whereof, the said Eastern Railroad Company has hereto set its corporate seal and caused these presents to be subscribed by its treasurer, thereto duly authorized, and the said Baring Brothers & Company have hereto set their hands, this eighteenth day of April, in the year eighteen hundred and seventy-two.

(Signed) "BARING BROTHERS & CO., Place
U. S. I. Rev.
5 cent stp.
"By S. G. & G. C. WARD, *Att'ys.*

(Signed) "EASTERN RAILROAD COMPANY, [SEAL]
"By JOHN B. PARKER, *Treasurer.*

"We hereby approve of the foregoing contract.

(Signed) "THORNTON K. LOTHROP,
"FRANKLIN HAVEN,
"Committee of Finance, Eastern Railroad Co."

"This agreement of two parts, made this eighth day of April, in the year of our Lord one thousand eight hundred and seventy-four, by and between the Eastern Railroad Company, a corporation established by law of the Commonwealth of Massachusetts, of the first part, and Russell Sturgis, Kirkman Daniel Hodgson, James Stewart Hodgson, Edward Charles Baring, Henry Bingham Mildmay, Charles Loyd Norman and Thomas Charles Baring, merchants and copartners under the name of Baring Brothers and Company, having their usual place of business in London, in that part of the United Kingdom of Great Britain and Ireland, called England, of the second part, Witnesseth: That the said party of the first part, for itself and its successors, and the parties of the second part, for themselves, their representatives and assigns, mutually covenant and agree, each with the other, as follows: The Eastern Railroad Company covenants and agrees to consign to the said Baring Brothers & Company, for sale, bonds of the said Eastern Railroad Company, to the amount of four hundred thousand pounds sterling, in two hundred pieces of five hundred pounds each; five hundred pieces of two hundred pounds each, and two thousand pieces of one hundred pounds each, all dated the said eighth day of April, in the year one thousand eight hundred and seventy-four, and payable on the first day of March, in the year one thousand eight hundred and ninety-three, with interest coupons attached, such interest to begin to run on the first day of March, in the year one thousand eight hundred and seventy-four, and to be paid at the rate of six pounds per centum for the year, semi-annually, on the first day of every March and September; both principal and interest to be payable in the sterling gold coin of Great Britain, at the counting-house of the said Baring Brothers & Company, in said London; the said bonds to be of

the tenor and form of the papers hereto annexed. And the said Eastern Railroad Company covenants and agrees to deliver the said bonds and coupons duly executed, and ready for issue and sale, in every respect, excepting stamps, at the said counting-house in London, on or before the first day of June, now next ensuing. And the said Eastern Railroad Company further covenants and agrees to pay to the said Baring Brothers & Company the cost of the stamps necessary, to the issue and sale of the said bonds, when the said stamps have been affixed to the said bonds by the said Baring Brothers & Company; and further, to pay to the said Baring Brothers & Company, one-quarter of one pound per centum on the par value of all such bonds sold. And the said Baring Brothers & Company hereby covenant and agree to accept the said consignment, and to use their best skill and diligence in effecting the sale of the said bonds. And inasmuch as the said bonds are expressed to be paid, both principal and interest, at the said counting-house of Baring Brothers & Company, the said Eastern Railroad Company covenants and agrees to furnish the said Baring Brothers & Company funds to pay all the said bonds and interest coupons, at maturity; and to pay to the said Baring Brothers & Company, at the same time and in addition thereto, such sums of money as a commission as will amount to one-half of one pound per centum on every one of such payments of principal, and one pound per centum on every one of such payments of interest. And in consideration of this covenant and agreement, and upon the express condition that they shall be so placed in funds by the said Eastern Railroad Company, the said Baring Brothers & Company agree to act as agents of the said Eastern Railroad Company in making the said payments. And, whereas, the said Eastern Railroad Company has determined to establish a sinking fund, by setting apart not less than one pound per centum, annually, upon the amount of the said bonds, the said Eastern Railroad Company hereby covenants and agrees to pay over the same to the said Baring Brothers & Company, in every year; and the said Baring Brothers & Company agree to expend the sums of money so paid over to them, in the purchase of the said bonds for account of the said Eastern Railroad Company, when, and if the same may be purchased at a price less than the par value thereof; and the said Baring Brothers & Company further agree to cancel the bonds so purchased, and to return the same to the said Eastern Railroad Company, and to advertise in London, at the expense of the said Eastern Railroad Company, the numbers of the bonds so withdrawn from circulation. And the said Eastern Railroad Company covenants and agrees to remit to the said Baring Brothers & Company, semi-annually, as before provided, the interest on the entire amount of the said bonds; and the said Baring Brothers & Company agree to expend so much of the said interest as corresponds to the amount of the said bonds theretofore purchased and redeemed for the sinking fund, in the purchase of the other of the said bonds for the said sinking fund, on account of the said Eastern Railroad Company, when, and if the same may be purchased at a price less than the par value thereof, and to cancel, advertise and return the same, in the manner before described. It is further covenanted and agreed by both the said parties, that no commission shall

be charged or paid upon the interest paid over to the said Baring Brothers & Company on the bonds so cancelled, and that the commission of one-half of one pound per centum, which it is above covenanted shall be paid to the said Baring Brothers & Company, upon the payment of the said bonds at maturity, shall be paid on such of the said bonds as are purchased for the sinking fund at the time of such purchase, instead of being charged and paid at maturity. And the said Eastern Railroad Company further covenants and agrees with the said Baring Brothers & Company, in case of a change in the persons composing the said copartnership, that the said Eastern Railroad Company will continue the said agency and commission to such persons as may continue the business of the said copartnership, as copartners, under the name of Baring Brothers & Company; and further, that it will give such present or future copartnership its aid, at home and abroad, in securing the public confidence in the said bonds. And the said Baring Brothers & Company covenant and agree with the said Eastern Railroad Company, that in case of such change in the members of their firm, their successors in business shall make such payments, in the same manner in which they themselves have undertaken to make the same, and for the same compensation. And the said Baring Brothers & Company further covenant and agree to countersign the bonds herein named thereby certifying the genuineness of the said bonds, but not becoming in any manner a party thereto.

"In witness whereof, the Eastern Railroad Company has caused its corporate seal to be hereto affixed and this indenture to be signed by John Wooldredge, its president, thereunto duly authorized; and the said parties of the second part have hereto set their hands and seals, the day and year first above written.

"EASTERN RAILROAD COMPANY. [SEAL.]

"By JOHN WOOLDREDGE, *President*.

"BARING BROTHERS & CO., [SEAL.]

"By S. G. & G. C. WARD, *their Attorneys*.

"Signed, sealed and delivered by the Eastern Railroad Co., in presence of

"F. E. PARKER.

"Signed, sealed and delivered by Baring Brothers and Co., in presence of

"M. L. CROWELL, Jr."

"The Eastern Railroad Company, and the firm of Richardson, Hill & Company, on this twentieth day of January, 1875, agree together, as follows:—

"The said corporation proposes to issue its ten-year coupon-notes, bearing interest at seven per cent. per annum, to an amount not exceeding two millions of dollars, the same to be engraved and executed, with interest-warrants attached, in the form hereto annexed; and upon the terms and conditions hereinafter set forth, and to the amount, and in the manner hereinafter specified, said corporation agrees to sell, and said firm agrees to purchase, the same, viz.:

"*First*. Said corporation shall, by vote of its directors, ratified by its stockholders at its annual meeting in February next, limit the entire amount of its bonds and coupon-notes, issued and to be issued, to the sum of twelve and one-half millions of dollars at par.

"Second. Said corporation shall, by vote of its directors, provide for an annual drawing, by lot, on the first day of April in each year after the year 1875, of such number of said notes as shall for the year 1876 be equal to one per cent. on the whole amount of notes actually issued under this agreement, and shall increase by one-half of one per cent., in each year thereafter, the holders whereof shall be entitled to payment of said notes so drawn, at par, on the first day of May next following such drawing.

"Third. The question of the form and legality of such votes and of this contract shall be submitted, if said firm so require, to its counsel for their opinion, at the expense of said corporation.

"Fourth. Upon the passing of such votes in such form as shall be proper in the opinion of such counsel, and upon the preparation of said notes, said firm shall be entitled to receive and hereby agrees to receive and pay for the same to the amount of seven hundred and fifty thousand dollars at the rate of eighty-five per cent. with accrued interest, payable in cash or in notes of said corporation maturing within sixty days from the date of such payment, with rebate of interest on said notes at the rate of seven per cent. per annum, and in anticipation of the delivery of said coupon-notes said firm agrees to advance to said corporation as the same may be required by it sums not exceeding one hundred thousand dollars within one week from the date hereof, not exceeding one hundred and twenty-five thousand dollars in the following week, and not exceeding one hundred and fifty thousand dollars in each week thereafter, until the full amount of seven hundred and fifty thousand dollars of said notes at eighty-five per cent. and accrued interest shall have been paid for.

"Fifth. That until the first day of September, 1875, said firm shall have the option to purchase from said corporation the whole or any part of the remaining twelve hundred and fifty thousand dollars of said issue of coupon-notes, said option to be notified in writing to said corporation, such purchase to be at the same rate as above specified; viz., eighty-five per cent. with accrued interest; and until the said first day of September, said corporation shall not sell nor offer for sale, nor put upon the market any further amount of this issue or any other issue of its bonds, coupon-notes or notes on long time.

"Sixth. In case the said firm shall take, upon the terms above set forth, the whole issue of said notes, amounting to two millions of dollars, it shall until the said first day of September, 1875, have the option at any time to purchase of said corporation all or any part of fifteen hundred shares of the Portsmouth, Great Falls and Conway Railroad Company, at forty dollars per share in cash; and said firm shall have the like option for the purchase of a proportionate amount of said stock in such proportion as the amount of said issue of said notes purchased by it bears to the whole amount of said issue of two millions of dollars.

"Seventh. It is understood that the said corporation shall use its best efforts to preserve harmonious relations with competing lines; and it is agreed that it shall make a statement of its condition and prospects, and hold out said firm to the public as authorized to dispose of this issue of notes in such manner as shall meet the convenience of said firm.

"*Eighth.* In case on or before September 1, 1875, said firm shall exercise its option and take the remaining twelve hundred and fifty thousand dollars of said issue of said notes, said corporation agrees not to issue or put upon the market any further issue of bonds, coupon-notes or notes on long time for the further time of six months after the said first day of September.

" RICHARDSON, HILL & Co.

" EASTERN RAILROAD Co.

" By JNO. WOOLDREDGE, *Pres.*

" In presence of GEO. A. FARLOW.

" F. E. JAMES."

JOHN WOOLDREDGE—*Recalled.*

Q. (By Mr. THOMAS.) A single question, to a definite point,—that is all, Mr. Wooldredg. Were you instrumental, as president of the road, in the exchange of securities in the place of the \$500,000 bonds, one of which books had been pledged to the Newburyport Savings Bank, and the other had been pledged to the Hospital Life Office?

A. Instrumental? I don't understand you.

Q. Instrumental in the exchange of securities?

A. There was no exchange of securities.

Q. Weren't the securities that had been given—\$250,000, to the Newburyport Savings Bank, for a loan of \$50,000 on a note indorsed by Mr. Lothrop, and the other \$250,000 had been pledged as a security to the Hospital Life Office, on a note indorsed by Mr. Hooper and Mr. Bates, exchanged for other securities?

A. No, sir; I never knew that there was \$250,000 given to the Newburyport Savings Bank; I don't think there was.

Q. Didn't you understand, Mr. Wooldredg, that this book, containing bonds to the amount of \$250,000, had been pledged to the Newburyport Savings Bank as collateral to the loan of \$50,000?

A. No, sir.

Q. And didn't you understand the book had been pledged at all to the Newburyport Savings Bank?

A. No, sir.

Q. By anybody?

A. Mr. Lothrop had the book in his office; he held it as a pledge to any indorsement he might bear, and he was on a pledge to the Newburyport Savings Bank.

Q. Am I misinformed, that that was returned to Mr. Lothrop's office, in his absence?

A. No, sir; it was considered in Mr. Lothrop's possession; the book was left in Mr. Lothrop's office when he went away, and for what I considered proper reasons. While I was president of the road, I took that and kept it, and I didn't know any parties knew it at all; and when I left the presidency of the road, as I thought it was perfectly proper,—as it was his business and not mine,—I took that book back.

Q. I call you, now, that it may appear upon the record, whether you went to Mr. Russell for instructions, and to ascertain what was proper to

do with that book, and Mr. Russell instructed you that it was proper to leave it at Mr. Lothrop's office; was that true?

A. I don't know that it was.

Q. Do you mean that our record shall stand, that when Mr. Lothrop went away, this book containing \$250,000 of bonds was in his office, or do you mean that you procured it from somewhere else, and that you sent it to his office afterwards?

A. I mean to say it was in his office when he went away; it was left at his office when he went away.

Q. Did you understand the other book was pledged to the Hospital Life Office as security for a loan which had been procured from that office on a note indorsed by Mr. Hooper and Mr. Bates?

A. No, sir; I understood it was at the Merchants' Bank for that purpose.

Q. Now, did you remove or disturb either of those books?

A. I took the book from Mr. Lothrop's office into my possession, and carried it down to the station, and put it into the safe there, while I remained there as president of the road, thinking it was safer in my possession than it was where it was in Mr. Lothrop's office; but when I left the presidency, I considered a book of Mr. Lothrop's was in my possession, and I carried it back to Mr. Lothrop's office and put it back where I found it.

Q. Let me see; somebody is mistaken; you want it as it is, and I want it as it is, and the Committee want it as it is?

A. I want it as it is.

Q. Didn't you, before you went away, find that book somewhere before you went off, some months since, and consult counsel as to what was fit and proper to do with it?

A. No, sir; I did not.

Q. And didn't you, thereupon, under the instruction of your counsel, take it to Mr. Lothrop's office?

A. I don't remember I saw any counsel at all; if I did, it has entirely escaped my memory; I don't see why I should, however.

Q. Then you mean that the Committee shall understand that you didn't find this book in the Newburyport Savings Bank?

A. Yes, sir.

Q. And that you didn't find it anywhere else than in Mr. Lothrop's office, and supposed it was there when he went away?

A. It was there when he went away.

TESTIMONY OF JAMES P. COOK.

Q. (By Mr. SHATTUCK.) You sold the Maine Central stock to the Eastern Railroad Company, did you?

A. Yes sir.

Q. To Mr. Wooldredge?

A. Yes, sir.

Q. At about 67, if I recollect?

A. At about 67; yes, sir.

Q. Was that more than it cost you, or less?

A. That was less than it cost me.

Q. Less than it cost you?

A. Yes, sir.

Q. How many shares were there?

A. There were 1,927 shares.

Q. You had bought it on your own account?

A. Bought it on my own account entirely.

Q. Simply as an investment?

A. Well, as a speculation.

Q. Well, as a speculation?

A. Yes, sir.

Q. It didn't work well?

A. No, sir.

Q. Then, as to selling it to Mr. Wooldredge; will you state what occurred between you and Mr. Wooldredge and Mr. Haven, in regard to it?

A. Mr. Wooldredge had had a great deal of talk with me at different times, in regard to the purchase of this stock; in fact, it had been talked of nearly the whole time for a year after the changes were made in the Maine Central ideas in regard to the control of it, and expressed an anxiety to control it; and I told him, and told others, that I wanted to sell my stock. It came along to about the first part of January, when he made me an offer, which I concluded to accept, for the whole of it; and he said,—we were then on State Street,—“I want you to go with me up to Mr. Haven, and have the matter settled before him, because I want to get his consent.” I went up with him into the Merchants' Bank. We passed by Mr. Chapman, and Mr. Wooldredge asked Mr. Chapman if Mr. Haven was in. He said he was in the inside room. We went in. Mr. Wooldredge introduced me to Mr. Haven. I shook hands with him. He said that he had brought me in to consult with him about the Maine Central stock; and Mr. Haven said that he never had known much about the Maine Central stock; and I, of course, had no conversation with them. Walked about the room; and Mr. Wooldredge and Mr. Haven talked there for some time. I heard nothing in particular in regard to their conversation; but when they got through, Mr. Wooldredge says, “Now, I have got that fixed, and I have got Mr. Haven's consent to the arrangement, and I want you to go with me down to see Mr. Jones and Mr. Johnson, at the Quincy House.” I went down with him directly from the bank; saw Mr. Jones and Mr. Johnson, and talked with them in regard to it, as they had both talked with me previously; and Mr. Wooldredge says, “Well, that is all settled; now, I want you to go down to the depot, and I will put this in writing, temporarily.” We went down to the depot, and he stated the general idea in writing.

Q. Have you the letter?

A. I think Mr. Wooldredge has the letter; I gave it to him.

Q. That was the rough contract?

A. Yes, sir; that was the rough contract, to be put into the shape of a regular agreement, which was done subsequently.

Q. And this was January 11?

A. The same day.

Mr. THOMAS. What year?

Mr. SHATTUCK. Eighteen hundred and seventy-five. Then, here is this statement, and it states at the end,—“Mr. Jones and Mr. Johnson and Mr. Haven know of and consent to this arrangement.” That is the only material part of it. In other respects, it contains substantially the agreement of sale. I don’t know whether it is worth while to put it in; the Committee can read, if they like.

Q. (By Mr. SHATTUCK.) Did you hear any of the directors advise Mr. Wooldredge to buy before he bought it?

A. Yes, sir; I did.

Q. Who were they?

A. I heard Mr. Jones, frequently, and Mr. Johnson.

Q. Simply on account of controlling?

A. On account of a necessity which was supposed to exist with regard to protecting their property which they had in there.

Cross-Examined.

Q. (By Mr. THOMAS.) Mr. Cook, when was this; in January, 1875?

A. Yes, sir.

Q. And when did you buy this stock?

A. I commenced buying that in January, 1873.

Q. And you wanted to sell it, you say, in January, 1875,—two years afterwards?

A. I wanted to sell it a long time before, but didn’t have a chance.

Q. You bought it for investment?

A. No, sir; I bought it for a speculation.

Q. Well, that is an ‘investment,—ain’t it, to sell if you could get a profit?

A. To sell if I could get a profit.

Q. Yes, that is the idea of it; and you found that, instead of going up, it had gone down?

A. I didn’t find out, instead of going up, it went down all that time.

Q. I thought you said you sold it for less than you gave for it?

A. Yes, sir; but it went up very much more before it went down.

Q. It undulated?

A. Yes, sir; it undulated. I sold some previous to this sale.

Q. I know that; but you have told us here,—given me to understand, certainly,—that you could not sell it for as much as you paid for it, and sold it at a loss?

A. Yes, sir.

Q. Well, that is true, isn’t it?

A. Yes, sir; as a whole. I did sell some at a profit.

Q. Yes, but what you sold then you sold at a loss?

A. Yes, sir.

Q. How much loss?

A. Well, I suppose that is not material, that I should come in and tell you all my private business; I don’t want to make my loss public; I didn’t know that the Committee wanted to know exactly about my business. I say it is a loss.

Q. I want to know this: the difference in the market value of that stock in January, 1873, and in January, 1875. Now, if you will tell us how much you paid for it, and how much you sold it for, that will help us?

A. I paid as high as 72½.

Q. Well, for how much of it?

A. Well, for 200 shares.

Q. And for the other 1,700,—how much?

A. For the other 1,700, ranging all the way from 50 to 72½.

Q. Nothing less than 50?

A. Nothing less than that?

Q. Who did you buy it of?

A. I bought of several persons. I bought of George L. Ward; I bought of a man named George L. Hyde, in Maine; I bought of a woman by the name of— Well, it doesn't matter; I bought of Edwin Perkins; I bought of the Pattons,—I bought a very large quantity of the Pattons.

Q. (By Mr. MOSELEY.) The Pattons of Bath?

A. Yes, sir.

Q. (By Mr. THOMAS.) How much did you buy of them?

A. I think I bought 650 shares of them.

Q. Can you tell us the average cost of these 1,900 shares?

A. The average cost to me was rising 70.

Q. How much did you sell them for?

A. Sixty-seven and a fraction.

Q. So that you lost the difference?

A. Yes, sir; that was the direct loss; I don't say anything about the indirect loss, because I don't like to show folks how much I lost.

Q. Well, what was the object of your being introduced to Mr. Haven?

A. The object of my being introduced to Mr. Haven by Mr. Wool-dredge, was for him to get the consent, and have his action indorsed?

A. Get the consent of what?

A. Of Mr. Haven, to the purchase of the stock, I suppose.

Q. Well, did he get it?

A. He said he did; I don't know anything about it.

Q. You didn't hear him get it?

A. No, sir.

Q. On the contrary, Mr. Haven said he didn't; and he didn't want to have anything to do with it?

A. That is the first I ever heard what Mr. Haven said.

Q. Who wrote that letter which Brother Shattuck has?

Mr. SHATTUCK. That is the contract.

Q. (By Mr. THOMAS.) Somebody has set down at the bottom here that "Mr. Jones, Mr. Johnson, Mr. Haven know of, and consent to, this arrangement." Do you mean to swear that Mr. Haven ever consented to that arrangement, to your knowledge?

A. No, sir.

Q. Do you mean to swear that Mr. Jones did?

A. Yes, sir.

Q. In your presence?

A. Well, he has approved the agreement.

Q. Well, did he consent to this arrangement, this purchase or sale?

A. Well, he consented to this arrangement, so far as approving the agreement,—his name is on the agreement; I have a copy with me.

Q. It was an agreement by which you were going to sell 1,900 shares?

A. Yes, sir.

Q. Did you sell them?

A. I did.

Q. Did Mr. Jones agree to that?

A. He approved the agreement.

Q. In writing?

A. Yes, sir.

Q. Well, did you get your money?

A. No, sir.

Q. Do they owe you for it?

A. They owe me something.

Q. Who owes you?

A. The Eastern Railroad.

Q. Does? How much does the Eastern Railroad owe you?

A. Well, I held their notes for \$100,000, and I hold a large portion of them now.

Q. O, you took their notes?

A. Took their notes; I took their notes according to that agreement. If that agreement is here, perhaps that might give Mr. Thomas the whole thing.

Q. Do you mean to say that, in any conversations you had with Mr. Haven, that Mr. Haven consented to the purchase of these 1,900 shares?

A. Not so far as I know.

Q. Not so far as you know?

A. No, sir.

Q. (By Mr. SHATTUCK.) You would rather have, I suppose, the Maine Central stock, to-day, than the Eastern Railroad notes, if you could get it back again?

A. Well, I hope that the wisdom of the legislature, as they call it, will not render the notes of no value.

Q. (By Mr. THOMAS.) Well, you don't answer his question, but the amount of it is, that you think you would rather have the notes, on the whole, wouldn't you?

A. I haven't thought much about it.

Q. How much does that come to—1,900 shares; you have got their notes for \$100,000?

A. No, sir; I haven't got their notes for \$100,000; I have got their notes for \$85,000.

Q. Well, haven't you thought much about \$85,000?

A. Well, yes; but it wouldn't do you any good to tell you what my troubles are.

Q. No, sir; I only wanted to know if you don't regard it of some consequence, that is all?

A. Yes, I do. My troubles would not make any person unhappy, nor me any happier.

Q. (By the CHAIRMAN.) You bought this number of shares to sell to the Eastern Railroad?

A. No, sir.

Q. Didn't you have an idea you were going to sell them?

A. No, sir; when I bought these shares, they were bought as a matter of speculation; there were parties in Boston who were buying this stock with the idea that when this consolidation was consummated, which was already agreed upon, that the value of this stock would increase in proportion to the value at which it was to be exchanged.

Q. O, I see; that after the consolidation there would be a rise in the stock?

A. Yes, sir; that would fix a value to the stock at four-fifths less than the Eastern Railroad; the Eastern Railroad stock was selling at 109 then.

Q. And all you know about Mr. Haven's assenting to it was somebody said he assented to it?

A. Yes, sir; I merely state the fact of my going there for that purpose.

FRANKLIN HAVEN—*Recalled.*

Q. (By Mr. THOMAS.) If there is anything further you wish to state, —that you want to explain,—I wish you would state it?

A. I wish to say just here, that this person, Mr. Cook, never entered my room, to my knowledge; I never spoke to him, nor he to me, until sometime late last year. I never knew anything about his Maine Central shares until Mr. Wooldredge told me that Mr. Cook wanted to sell him some, and I told him not to buy them, for I would not assent to it for the Eastern road.

Q. Now, if there is anything further, Mr. Haven, in respect to the matter that you were speaking of when we adjourned, please state it?

A. I wish to state, that after reading that letter, I moved to have it placed on file. No gentleman objected to it; the president made some dissent; I didn't understand what he said. Mr. Lawrence, who gave his testimony here to-day, says: "I recollect something was said at that meeting of the 10th of May about the approving of Maine Central shares." Said I, "I know there was something said," and it passed over, and he made no objection. Then he was mistaken in regard to his advising me not to have a correspondence, because if there was any question as to my recollection of the vote— When the railroad commissioners' report was published, I went down to the Eastern road to get some information touching the composition of the finance committee for the last two or three years, and I told Gen. Lawrence, whom I met there, the object of my visit, and that I intended to have a correspondence with the railroad commissioners, and he simply advised me not to be in a hurry about it, as to the expediency. Now, sir, Mr. Lawrence said that one reason that he recollected that this vote—this false vote of May the 10th—was offered, was because Mr. Williams rose and offered the vote. Now, it appears here as the succeeding vote, after this vote touching the Maine Central shares: "On motion of Mr. Williams, seconded by Mr. Haven, it was voted that

the president be, and he is hereby authorized to execute the Central agreement with the Portland & Ogdensburg Railroad." I presume that the fact of Mr. Williams' rising to offer that vote may have impressed it upon the mind of Gen. Lawrence that it was this vote which, I say, was never passed. In my letter, I stated that it was about a year before that time that I had to call the attention of the board of directors to the Maine Central shares. I have my correspondence with the railroad commissioners,—two letters,—which I shall be glad to put in; they are public documents, now in the possession of the railroad commissioners, and in the first letter which I wrote, which was February 17th, to the railroad commissioners, I stated in that letter—I should be glad to read that one and not the others—it is short; with your permission, sir, I will read it.

Q. (By Mr. SHATTUCK.) They are much like the one you have already read, aren't they?

A. No, sir; it states the time a little more accurately when I called the attention of the directors to the Maine Central shares.

The CHAIRMAN. Read it, Mr. Haven.

Mr. HAVEN read, as follows:—

"BOSTON, February 17, 1876.

"CHARLES F. ADAMS, ALBERT D. BRIGGS, FRANCIS M. JOHNSON, Esqrs., *Railroad Commissioners.*

"GENTLEMEN:—I notice in your report to the legislature, that you state that the purchases by the Eastern Railroad Company of stock and other securities seem to have been in a great degree effected by the finance committee of the board of directors, which you say consisted of the president, Mr. Samuel Hooper and myself; and you refer to a vote of the directors of May 10, 1875, in which the action of the finance committee in purchasing the Maine Central stock was ratified and confirmed.

"As these statements are incorrect as to the members and acts of the financial committee, I would respectfully request of you a correction of your report.

"The finance committee, during the years 1875 and 1874, and the latter part of 1873, as will appear by the records, consisted of four directors and the president. During that period, besides the president and Mr. Hooper and myself, several directors served on the committee.

"The committee did not, during that time, or at any time, purchase or authorize the purchase of shares in the Maine Central Railroad. I may add that I personally did not approve of such purchase, and never authorized or took part in the negotiations, and did not know of them until after the stock had been bought.

"About two years ago, at a meeting of the directors, the president, in answer to inquiries made by me, stated that the company owned shares in the Maine Central Railroad Company which were charged on the books at \$500,000, but that they had cost a larger sum. I expressed my disapprobation of the purchase, and advised that the stock should be sold and the company relieved of carrying such a burden.

"The directors did not concur with me; but were of opinion that it was for the interest of the company to retain possession of the shares.

"The vote set forth on the records of the directors' meetings, as passed at a meeting of May 10, 1875, approving of the action of the finance committee in purchasing the shares of the Maine Central road, never was passed. No action of the finance committee was approved of by that, or any vote of the directors, and the record in that respect is entirely incorrect. The directors, whose names are recorded as proposing and seconding the motion, both deny that any vote as to the action of the finance committee was passed, or even offered or considered. That such a record had been made, did not come to my knowledge until October of that year, and immediately afterwards, at a regular meeting of the directors, Mr. Wooldredge being the president, and then present, I called the attention of the directors to it, and I then read a letter in which I stated emphatically that no such vote had been passed, or even read, or offered at that meeting, and that the record was not correct. No one asserted that it was, and my letter stating the incorrectness of the record was placed on the files of the company, without dissent.

"I would also add that the duty of the finance committee, of which I have been a member for many years, was to consider, or provide the ways and means for meeting the debts and obligations of the company. The committee never negotiated, or purchased, or recommended the negotiation or purchase of stock or shares of other companies, or of the Maine Central Railroad, nor did it, by any act, provide funds for any such contemplated purchase.

"Whatever was done in that matter, and in the expansion of the company, was not done, as stated in your report, by the finance committee.

"I am, very respectfully, your obedient servant,

(Signed)

"FRANKLIN HAVEN."

WITNESS. I will not take up the time of the Committee with reading the other letters.

The CHAIRMAN. You may put them in, sir.

WITNESS. I would put in two letters of mine, and the answers of the railroad commissioners simply, if it is agreeable to the Committee?

The CHAIRMAN. You can leave them, and we will examine them, and the Committee will consult on that, Mr. Haven.

Q. (By Mr. THOMAS.) Is there anything further you would like to add in that respect, or any other; if there is anything further which occurs to you, please state it; or, if there is not, I will ask you a question about another matter?

A. It is my belief, though I cannot state with certainty, that Mr. Williams was present at the meeting of the directors two years ago, when I called for information touching the Maine Central shares; it is my impression that he was present, but I wouldn't swear to it.

Q. In that respect, Mr. Williams' testimony will explain. Is there anything in respect to Mr. Lawrence's testimony which you wish to make an explanation about?

A. Nothing more than I have stated, which occurs to me, touching Mr. Lawrence.

Q. I understand there was a vote of the directors to purchase the Lynn lands; is that true?

A. I think there was a vote to do it, or it received the vote of the board; the approbation of the board.

Q. Was that vote passed previously to the negotiations about purchasing it, or when you didn't know anything about the price asked, or was it passed after the price was ascertained?

A. That I could not say, without looking back to the records.

Q. Were you present at the last two sittings, and have you heard the testimony in respect to the cost of this land?

A. This morning?

Q. This morning, and previously?

A. Yes, sir.

Q. Were you aware of the extraordinary price that the Eastern Railroad was paying for this parcel of land?

A. No.

Q. Were you on the committee charged with the duty of purchasing the lands?

A. There was a special committee appointed for that purpose.

Q. Who were they?

A. I don't recollect whether I was one or not,—the directors generally; I went down to Lynn, to look at the land.

Q. Mr Haven, had you any agency in the purchase?

A. No, sir.

Q. Was it reported to you what the land was taxed for, or what was a fair price?

A. No, sir; I didn't, myself, see any of the parties who sold the land; all their interviews were with Mr. Lothrop, I believe, and Mr. Hooper.

Q. Was there any discussion before the board about it.

A. Not that I recollect.

Q. It appears by this vote, Mr Haven, that the committee consisted of "the president, and Messrs. Haven and Hooper, with full power to accept said proposition, subject to such modifications as the committee may approve." That appears to have been passed September 22, 1871; so it appears you were on the committee?

A. I was on the committee, by that.

Q. Did you take any part in it at all?

A. I took no part in it at all; I didn't even see Alley, or any of the Alleys.

Q. Was it not usual, when a large purchase was to be made by the Eastern Railroad, for the directors to talk it over?

A. Of course it was talked over, and I believe pretty nearly all the board went down to Lynn to look over the land.

Q. Did you go down?

A. I went down with Mr. Browne.

Q. Well, did you make up your mind about the price for it?

A. That was not the question they presented; the question was with respect to the location of the depot.

Q. With respect to the value of the land, you made no question, that you remember?

A. No, sir; the way it was stated to us, I believe it was, that a part of the land was to be a gratuity and not to cost anything on one side, and a certain amount of money on the other; I didn't inquire into the value of the land at all.

Q. Was there any vote passed to destroy the depot afterwards?

A. No, sir.

Q. Did you have any agency in that?

A. None at all.

Q. Do you know why it was done?

A. No.

Q. When did you learn the fact that it had been destroyed?

A. Not until some time after it had been done.

Q. Well, was there ever any discussion before the board about that: how it was that a building which cost \$55,000, and which, if you wished to discontinue as a depot, could be used for some other purpose, should be destroyed; was that discussed?

A. No, sir.

Q. Can you explain to the Committee how it happened?

A. I cannot, because it happened before anything was said about it to me, or in my presence.

Q. So far as you know, who directed the destruction of the depot?

A. I have no knowledge of it.

Q. Did you have any knowledge about the selling of the property?

A. No, sir.

Q. I think you stated you had no agency in the purchase of the property at Charlestown?

A. No; there was a committee appointed to consider the expediency of purchasing the Charlestown land.

Q. Had you any agency in the settlement of or making the price of the sugar-refinery, there?

A. Not at all.

Q. (By Mr JAMES.) Mr. Haven, when did you resign as director in the road?

A. I resigned before the next meeting, after I read my letter. I read my letter to the directors on the twenty-seventh day of October, and sent in my resignation before the next meeting of the board.

Q. Who was appointed in your place; did they appoint any other man in your place, after you resigned?

A. I don't know.

Q. Where did you borrow your money?

A. O, we borrowed a great deal of money wherever we could find it.

Q. Did you borrow it, personally?

A. I did, in some cases.

Q. Did you ever borrow any of the West Boston Savings Bank?

A. No, sir.

Q. Do you remember any of the banks that you borrowed of?

A. I borrowed at the Hospital Life Company, a couple of hundred thousand dollars, in November,—I think it was,—1871.

Cross-Examined.

Q. (By Mr. SHATTUCK.) Mr. Hooper was a director in your bank, wasn't he?

A. Yes, sir.

Q. How long had you and Mr. Hooper been on the finance committee of the Eastern Railroad?

A. A good many years.

Q. You were on very intimate terms with Mr. Hooper, were you not?

A. Yes, sir.

Q. You were corresponding constantly while he was in Washington, were you not?

A. Yes, sir.

Q. How often did you write to each other?

A. Well, letters came from him very often, when he was at Washington.

Q. And when he was at home, he was in your office every day?

A. Yes, sir; every day when in town.

Q. And Mr. Lothrop was in the office also, often, wasn't he?

A. Not very often; very seldom.

Q. Well, didn't Mr. Hooper confer with you about the Maine Central purchase?

A. He wrote to me, some time, I think, in February, 1874.

Q. That was just after Mr. Wooldredge became president?

A. Yes, sir.

Q. A few days afterwards Mr. Wooldredge sent to Mr. Hooper an account of the purchases of the Eastern road?

A. Yes, sir; it was produced by the letter I sent to him; it was just before I called the matter up in the board.

Q. Then Mr. Hooper, in his letter to you, told you that Mr. Wooldredge had sent an account, and that it was larger than he supposed, and that Mr. Wooldredge would doubtless talk with you about it?

A. Yes, sir.

Q. And you then called it up in the board, didn't you?

A. I did pretty soon after that; but I cannot say that I did it under two or three weeks; at the next meeting, or the next but one, I probably called it up.

Q. And then you knew just how much had been purchased?

A. Just what I learned from the president and the treasurer.

Q. You learned from the president and the treasurer what had been purchased?

A. Yes, sir.

Q. (By Mr. THOMAS.) What did you learn?

A. I stated it in my letter to the railroad commissioners, that there was charged on the book, that Mr. Parker told me of at that time, \$500,000 as the value of the shares purchased, but that they had cost more; that is all I learned.

Q (By Mr. SHATTUCK.) Didn't you have 5,000 shares of this Maine Central stock pledged for a debt for which you were liable?

A. I had.

Q. Did you know that you had 5,000 shares of the Maine Central stock pledged for a debt for which you were liable?

A. I know Mr. Hooper said he had a certificate for about 5,000 shares as security for any liability of his for the Eastern Railroad.

Q. Well, but wasn't it pledged especially for a note at the Life Office?

A. Not specially.

Q. Wasn't it pledged first for that? Didn't you state here the other night this: "I understood Mr. Hooper to say that he held about 5,000 shares of the Maine Central stock as additional security for his note with the Hospital Life Company, and for other notes?" Well, wasn't it first pledged for that?

A. No, not for that.

Q. Not for that?

A. Not first pledged for that.

Q. But you were liable for that?

A. My name is still on the note, sir; yes, sir.

Q. And that stock was pledged for it?

A. No, not at the time I put my name on the note.

Q. Your name was put on before it was bought; when was that stock pledged for the debt?

A. I only know what Mr. Hooper said.

Q. When did he tell you it was pledged?

A. He told me in 1874,—about the summer of 1874,—that he held as security for the liabilities of the Eastern Railroad a certificate of about 5,000 shares; but I will tell you about what the security for that note was originally.

Q. That is of no consequence, because it was indorsed as you told us, after the Revere accident?

A. But for the indorsers, they were to have security from the road.

Q. Mr. Haven, do you deny that you saw Mr. James P. Cook in the presence of Mr. Wooldredge?

A. I do.

Q. And had a conversation with reference to the approval of the purchase of that stock?

A. I do deny it.

Q. You deny it *in toto*?

A. I do, sir.

Q. Do you deny that Mr. George L. Ward came with Mr. Wooldredge to your office and stated what contract he had made with the Eastern Railroad?

A. I have stated in my letter what Mr. Ward said.

Q. You have stated, Mr. Haven, in that letter, then, that Mr. Ward came to your office and wanted to make a declaration before you as an attesting witness?

A. Yes.

Q. That is your statement?

A. That is my statement.

Q. That he had entered into a contract, verbally, and was going to have a written contract with Mr. Wooldredge for proxies?

A. Yes, sir.

Q. Now, will you state why you supposed Mr. Ward and Mr. Wooldredge took pains to come into your office and declare to you that he wanted to make a declaration as an attesting witness; will you tell us what reason you supposed he had for all that trouble?

A. That was the very question I put to Mr. Ward last fall.

Q. Well, that is not material; I want to know what occurred to you at the time, when Mr. Ward and Mr. Wooldredge took pains to come up into your office there and make a declaration before you as an attesting witness; what did you suppose their motive was for doing it?

A. I didn't know what their motive was; they didn't come up into the office.

Q. Did you ask them why they came up into your office to make a declaration before you as an attesting witness?

A. No, sir; they were in the next room; they came into my office, as I have stated, either in my letter or in my testimony, from the front part of the bank adjoining my room.

Q. And you didn't pay any attention to it?

A. No, sir.

Q. Did you simply listen to what Mr. Ward said, without paying any attention?

A. That is all.

Q. Well, are you quite sure you didn't pay any attention, Mr. Haven, and that he didn't tell you a little more than that he came up there as an attesting witness?

A. I don't think he told me a word more than I have testified to?

Q. Will you swear positively that Mr. Wooldredge and Mr. Ward didn't tell you distinctly at that time that Mr. Ward had made a contract to sell stock to the Eastern Railroad—Maine Central stock to the Eastern Railroad,—and came there for your approval?

A. I swear right to the contrary, that no mention was made of the Eastern Railroad at all.

Q. And you didn't understand that any stock was to be purchased by the Eastern Railroad?

A. I said what Mr. Ward stated to me—a quantity of stock, and to procure proxies.

Q. Well, then, Mr. Ward did tell you a quantity of stock; what did he say to you about the stock?

A. I don't recollect the number of shares, but I think it was two or three thousand shares, and there was a number of proxies which he was to get.

Q. Was nothing said about selling shares?

A. There were some terms stated, to which I didn't pay any particular attention.

Q. Then, there were terms?

A. Of course there were.

Q. There were terms?

A. I said so.

Q. There were terms, and terms of a sale stated, weren't there?

A. I had said that at certain rates. I forget how I expressed it in my letter or in my testimony.

Q. Well, I want the fact, not what your letter or your testimony says. They did state to you then, that there was a contract for a sale of shares at a certain price?

A. Mr. Ward came in—

Q. Now, is that true or not; cannot you answer that question,—that there was a contract for a sale of shares at a certain price?

A. He stated that he had made a verbal contract, and this matter of speaking of it to me was to satisfy, I suppose, Mr. Wooldredge—he had brought him in—that he was going to sell to him stock and procure for him proxies, and, I think, a price was named.

Q. Well, why did you suppose they came up to make that statement to you?

A. I don't know.

Q. Didn't it occur to you that you were on the finance committee, and a director of the Eastern Railroad?

A. The finance committee never had anything to do with it.

Q. The finance committee never had meetings, did they?

A. Sometimes.

Q. You didn't suppose it was necessary for a committee to meet, in order to act in such a matter?

A. I did.

Q. Then, when you have stated here to this Committee that the finance committee didn't act, you meant they didn't have any formal meetings, didn't you?

A. They never took any action as a finance committee, and were never called to.

Q. Did you take any action as to anything—the finance committee?

A. Yes; we used to assemble in regard to loans.

Q. Well, you didn't mean to deny that Mr. Hooper was consulted, before any purchases of the Maine Central stock were made, did you?

A. I didn't know anything about Mr. Hooper.

Q. Did you mean to deny that you were consulted, yourself, before these purchases were made by Mr. Wooldredge?

A. I did deny it *in toto*.

Q. You deny that Mr. Cook came to consult you, and say when Mr. Ward came up, he came to tell you he was an attesting witness; but you do recollect something about it?

A. That is my testimony.

Q. Well, after Mr. Ward had made his declaration in your presence, and in the presence of Mr. Wooldredge,—whatever it was,—you say you paid no attention to it; but you didn't make any objection to it?

A. I made my objections all along to Mr. Wooldredge.

Q. I mean, in the presence of Mr. Ward, did you make any objection to the terms of the contract,—the terms which Mr. Ward stated to you?

A. I didn't feel I had any right to object to a personal or an individual matter.

Q. You supposed that it was an individual matter [of Mr. Wooldredge's?

A. I had no right to suppose that it was anything else.

Q. You hadn't,—and that they came up there to tell you about it?

A. I am simply stating to you the fact.

Q. Now, did you suppose that Mr. Wooldredge was buying, on his own account, 5,000 shares of Maine Central stock?

A. He had no right to buy it on account of the road.

Q. Did you suppose Mr. Wooldredge was buying 5,000 shares of Maine Central stock on his private account?

A. I didn't suppose anything about it.

Q. Did you suppose that Mr. Wooldredge was buying 5,000 shares of Maine Central stock on his private account? Will you answer that question?

A. He had no right to buy it for the railroad.

Q. I didn't ask what his rights were, but I asked you whether you supposed Mr. Wooldredge was buying 5,000 shares of Maine Central stock on his own account, and that Mr. Ward came up into your office to tell you,—to make that declaration before you?

A. I supposed that it was, if I supposed anything, an arrangement between Mr. Wooldredge and Mr. Ward, in some way, to come in and state the matter to me, which I would have nothing to do with.

Q. You didn't tell them, at that time, that you would not have anything to do with it?

A. I told Mr. Wooldredge repeatedly I would have nothing to do with it.

Q. You stated you told Mr. Wooldredge, but you never did in the presence of any of the directors at that meeting after Mr. Hooper's letter, where that letter says to you that he will doubtless talk with you about it; after that, did you talk with Mr. Wooldredge? This letter is dated the 24th of May, 1874.

A. I think it very likely.

Q. You think you did?

A. I think that very likely.

Q. And Mr. Wooldredge probably told you of whom they were bought?

A. I don't know that he did; very soon after Mr. Wooldredge became president, he told me about the note secured by the Maine Central shares,—a note of the Eastern Railroad, which was to be paid,—and as it was a note bearing a high rate of interest, I advised him to pay it; I think that was before I got the letter from Mr. Hooper.

Q. When you called up the vote of May 10th, approving the purchase of the Maine Central stock,—that was in October, the meeting was, when you called it up?

A. That was in October.

Q. That was after the Eastern Railroad got into trouble, wasn't it,—when you called it up?

A. Well, of course it was.

Q. Didn't you then deny, Mr. Haven, that there was any vote at all passed relating to the Eastern Railroad buying Maine Central stock?

A. No, sir.

Q. Didn't you ask Mr. Williams if any vote at all of that kind was passed?

A. I did ask him that.

Mr. THOMAS. Any vote of that kind?

Mr. SHATTUCK. Well, let him read his own language.

WITNESS. I never denied that there was something said by Mr. Wooldredge about the purchase of Maine Central shares heretofore made, and have always admitted that he did say something.

Mr. SHATTUCK. I will read your testimony, Mr. Haven, from the record. It is this: "In October, 1875, it came to my knowledge, by some remark made by the president, Mr. Wooldredge, that the vote,—that there was a vote confirming the purchase, or approving the purchase, of Maine Central Railroad shares. He alluded to it in such a way, that I thought I would call for the vote. The meeting of the directors of the Eastern Railroad was to be held that afternoon. It was some time in October. The meeting was fully attended. I think I called to Mr. Parker to know what vote had been passed respecting Maine Central shares. He produced the record of May 10. The moment he read the vote, I said to the president, 'That vote is not true; it was never passed.' I then called upon Mr. Williams, upon whose motion the vote was submitted, as the record says. Mr. Williams read it two or three times, and then said, 'I have no recollection whatever of that vote; I don't believe I ever offered it.' Mr. Hooper was not present,—Nat. Hooper, who was a brother of Mr. Hooper, who had died—and who had taken his place as a director." Now, that I understand to be your testimony, and I read it, to see if you wish to correct it. Now, on page 136 of the printed report, you say, "I took a copy of the vote, and the next day sent for Mr. Hooper; I asked him if he had seconded that motion—that vote. He read the vote. 'Why,' said he, 'I never saw it before; I never heard of it; there was no such vote.'" I want to know if you wish to correct this?

A. I do not wish to question its truth.

Q. I want to ask you, Mr. Haven, Did Mr. Hooper ever confer with you,—I mean, in any way, formally or informally,—in regard to buying Maine Central stock?

A. He never did.

Q. Did Mr. Wooldredge ever confer with you in regard to buying Maine Central stock, unless at that time you expressed your dissent?

A. I always dissented.

Q. Whether or not, when that subject was up, you expressed your disapprobation of such an undertaking?

A. I always did.

Q. And there is no exception to that?

A. No, sir.

Q. Who besides Mr. Hooper?

A. Mr. Lothrop.

Q. Did Mr. Lothrop ever confer with you, in any way, by the most casual conversation, or as a matter of particular business, in regard to buying this Maine Central stock?

A. I think he never opened his lips to me on that subject; he never mentioned the subject.

Q. Whenever any person interested in the Eastern Railroad did converse with regard to buying that Maine Central stock, did you always express your disapprobation of the measure?

A. I always did, without any exception.

Q. Now, when Mr. Wooldredge and Mr. Ward came into your office, at the time mentioned here, you never considered that it was a positive attempt, in some way, to link you with the purchase of that stock?

A. That was the impression I got at the time: that it was an endeavor to give me some knowledge of what was going on.

Q. But during all this time you had been attacked on this question of buying Maine Central stock, sometimes formally and sometimes informally, did it ever occur to you that these two gentlemen came into your office with a persistent purpose in some way to get you allied with this undertaking?

A. That would be a fair construction to put upon it, perhaps; but I never assented to any purchase of that stock.

Q. I understand that Mr. Wooldredge, himself, admits in his testimony that when he brought this subject up, you were reluctant about it.

A. I didn't hear the testimony.

Q. You deny that Mr. Wooldredge and Mr. Ward came into your office and asked your coöperation in the purchase of the Maine Central stock; you don't understand it so?

A. No, sir.

Q. What was the interpretation you put upon it?

A. In order that you may have an intelligent idea of the matter, I ought to state what Mr. Wooldredge said to me, towards the close of 1874. He came into my room and made a gratuitous remark that the shares of the Maine Central road were taken away. I do not mean to say that these were the very words that he used to me, but that the company was relieved from carrying the Maine Central shares. That I said in my letter to the directors of the Eastern Railroad. Now, then, when, two or three months after that time, Mr. Ward came into my office with Mr. Wooldredge, and Mr. Ward spoke to me as if he desired to make me a witness that he had entered into a verbal contract with Mr. Wooldredge to sell to him a quantity of Maine Central shares to procure the directors, I did not want to listen to it, or care anything about it, because it was on my mind that the Eastern Railroad was relieved of these shares some way, although I never inquired how. I had all along stated to Mr. Wooldredge that I did not approve of the purchase of Maine Central shares, and would not approve of the purchase at any time. I said that at the board, when I called the matter up, and ascertained there was half a million dollars of the stock, and expressed my disapprobation in some way. Then, frequently afterwards, I talked with Mr. Hooper, and Mr. Hooper with me, about his great desire to sell those

shares. Mr. Hooper offered to be one of five to get up a company and buy up the Central Railroad stock from the Eastern Railroad, and said he would take one-fifth of the whole.

Q. (By Mr. THOMAS.) Did you understand that one of these books, containing \$250,000 of bonds, had been pledged to the Newburyport Savings Bank?

A. No, sir; I didn't know it until Gen. Lawrence told me.

Q. Whether that book was kept in the Newburyport Bank, having been placed there by somebody as collateral for a loan, or whether for Mr. Lothrop's funds.

A. I do not know.

Q. Do you understand that the other book of \$250,000 of bonds was pledged at the Hospital Life Insurance office?

A. It was left at the Merchants' Bank, as part of the security upon Mr. Hooper's notes, on account of the company.

Q. Then the company was a party to the pledge—the Eastern Railroad, on the one hand, as pledger, and Mr. Hooper, on the other, as pledgee?

A. Yes, sir.

Q. And that pledge was security for Mr. Hooper on that indorsement? Finally, it was voted by that board that those books of \$500,000 of bonds were void; was anything put in the Merchants' Bank, to your knowledge, in place of the book of bonds?

A. Yes, sir.

Q. What was it?

A. Two hundred thousand dollars' worth of Portsmouth, Great Falls & Conway bonds.

Q. Are they held there now?

A. Yes, sir; they are held there, now, for the same purpose.

MR. SHATTUCK. That is all.

Q. (By Mr. MOSELEY.) I understood you to say, in your evidence the other night, that you were opposed to the purchase of the Charlestown lands?

A. No, sir; I did not mean to say that; I did not vote for the purchase; I stated that there was a committee appointed in the first place to consider the expediency of that purchase, and examine the lands and report to the board, and that committee consisted of Mr. Stevens and Mr. Wooldredge.

Q. Did you ever take into consideration, at any other time, the purchase or acquiring of adequate facilities other than that in the city proper?

A. Yes, sir; some years ago we attempted—some of the directors of the Eastern Railroad—to enter into an arrangement with the Boston & Lowell Railroad to take a part of their property before that was given up. Then came up the matter of Edward Crane,—the Marginal Railroad,—and there was a good deal of talk about that matter between Judge Rice, Mr. Hooper and Mr. Lothrop, and, I think, Mr. Ward and myself.

Q. Mr. Bates had something to do with it, didn't he?

A. I don't think Mr. Bates was—I cannot say he was not—a director

then ; he had not been a director for some years until last year,—1875,—when he came into the board.

Q. What did you do about that ?

A. About what ?

Q. About the Marginal Railroad ?

A. Well, it was a charter that was controlled by Edward Crane, and it was subject to a good many encumbrances, other parties, as he stated, by assignments and attachments, controlling, to a great extent, the value of the Marginal road. Mr. Hooper, at one time, and other gentlemen, were desirous of the purchase, and were willing to give about \$250,000 or \$262,000, but, when they found that a clear title could not be had, the purchase was abandoned.

Q. Did Mr. Hooper send down for Judge Rice, and did he come up and inspect the property ?

A. Judge Rice came up, but at whose invitation I do not know ; he entered into the project, and an arrangement was made to the extent that if it was purchased at a given sum, \$250,000 or \$275,000, it would be owned by individuals, several parties constituting a company. In my presence the conversation was had, and I was one of the parties who were talking it over. Judge Rice stated that if he became a party he should expect to have an equal interest with the others, but he should not expect to pay anything. He supposed if his influence and services could be relied upon they would be equivalent to supplying his portion of the capital needed for the purchases. When that was said, Mr. Hooper at once abandoned the project, and the whole thing was given up, and that was the last of the conversation about it, so far as I know.

Q. Was not there an agreement, drawn up by Judge Rice, and signed by the parties, expressly stating the whole terms ?

A. I do not know about it ; I never signed an agreement, because I was never quite ready to go into it.

Q. Didn't you, or Mr. Hooper, ask Judge Rice to go and examine the whole property, and make a certificate, stating the whole matter ?

A. I never did.

Q. Didn't it come to your knowledge that such certificate was made ?

A. No, sir.

Q. Pretty sure about that ?

A. I cannot say that such was not the case, only I have no recollection of it. I knew very well that Judge Rice was consulted, and was present at more than one interview—perhaps two or three interviews.

Q. Didn't you and Mr. Hooper and Mr. Lothrop actually consummate an agreement of promise to pay on a certain hour, say of to-morrow, a certain specified sum ?

A. I never did ; I never assented to become a party ; I was present, and Mr. Hooper was urging me to take a portion of it, but I never agreed to take it.

Q. Whether such an agreement was made by your knowledge ?

A. I cannot say that such an agreement was made by my knowledge ; I knew the matter progressed so far as to lead Mr. Crane to think he was all right, and he was very much disappointed when it fell through.

Q. Wasn't the failure because Mr. Hooper telegraphed you to hold on, and not pay the money, because he thought he might screw Crane \$15,000 more?

A. I have no recollection of such a telegram to me. Where does this appear?

Q. I have been in hopes I could get hold of Judge Rice, but he is not in the State, so that we could know what there is about this matter, but as we are closing up this hearing, we may have to let this matter drop. I thought, perhaps, you might remember enough to tell me about it.

A. That Mr. Hooper telegraphed to me; I have no recollection of it.

Q. The way I understood it is this: The bargain was made, for instance, to-day. After this certificate had been furnished you by Judge Rice, after inspecting the whole thing, and approving it as one of the best things, giving ample terminal facilities for the Eastern road, to provide for the whole business of the Maine Central and the Eastern both; that on the presentation of the certificate to you, you were to pay and did agree to pay, a certain amount of money for it, and that Mr. Hooper telegraphed you the next morning before the hour of meeting the payment, to hold on and offer Mr. Crane \$15,000 less?

A. I do not recollect about it.

Q. Who was your agent?

A. My agent?

Q. In the consummation of that, or in the negotiations?

A. I had no agent.

Q. Who was Mr. Hooper's agent? Who went between you and the owners of the Marginal Railroad? You spoke of Mr. Crane; I do not recollect Mr. Crane as being the sole owner; there were a great many other parties interested in it?

A. I don't recollect any other party but Mr. Crane, who was prominent. There was a gentleman by the name of Lord, of Newburyport, that was one of the shareholders in the Marginal Railroad. Possibly he might have been present at the same time.

Q. (By Mr. SHATTUCK.) Did you, Mr. Haven, as one of the finance committee, approve the payment of Mr. Parker, the treasurer, as trustee of money before loaned?

A. No, sir; trustee of what loan?

Q. Mr. Parker was a trustee, I suppose you have heard?

A. Trustee for what?

Q. To hold Maine Central stock.

A. Never heard of it until I heard it in this room.

Q. Never heard that before this hearing?

A. Never; no, sir.

Q. (By Mr. THOMAS.) Judge Rice was to put in his influence?

A. He was to put in his influence instead of capital.

Q. What kind of influence?

A. I don't know; Mr. Hooper was so disgusted at the time that he threw the whole thing up.

Q. (By Mr. JAMES.) Can you state the offer you made to the Lowell Railroad for terminal facilities?

A. We did not make any offer; it was a subject of conversation, and we tried to get a part of the territory before they put their building on it, but they did not want to accommodate the Eastern Railroad; would take so much of the property as would give them certain privileges.

Q. (By Mr. THOMAS.) Did you ever have any knowledge that Mr. Sanborn had been paid this large sum?

A. No, sir.

Q. Do you know about his employment?

A. No, sir.

Mr. THOMAS. That is all?

TESTIMONY OF MR. CHARLES O. WHITMORE.

Q. (By Mr. THOMAS.) What connection had you with the sugar-refinery sold to the Eastern Railroad?

A. I was a stockholder and a director.

Q. What had you to do about the negotiations in the sale?

A. Very little, if any.

Q. When was the sale made?

A. I cannot give the date; it was in the summer.

Q. Of what year?

A. Eighteen hundred and seventy-three, I think.

Q. The year of the panic?

A. I think so.

Q. Who did you make a trade with?

A. I didn't make the trade; I didn't sell it.

Q. What dictation had you in the sale or transfer?

A. I had none other than as a director, perhaps.

Q. Please state what it was?

A. The sale of the refinery was made by my son, Wm. H. Whitmore, a director, and Mr. R. D. Smith, counsel; they made the sale of the refinery.

Q. What had Mr. Smith to do about it? He was not a stockholder, was he?

A. He was our counsel.

Q. Well, tell the Committee all you know about it,—the price, what was that?

A. We asked \$450,000.

Q. For what?

A. For our refinery, including the machinery and land.

Q. How much land had you?

A. I think there was 38,000 feet.

Q. Where was it situated?

A. In Charlestown.

Q. On Front Street, running back to another street?

A. It was bounded by Lynde Street; there was a street on either side.

Q. Near Second Street?

A. Part of the land was bounded on Fourth Street. By the terms of the sale, as I recollect, or by the conditions of our purchase, our deed

gives us a cross-street to the railroad, and, including those, I think there were about 38,000 feet of land.

Q. Were they not laid out by the city?

A. No; I forget the exact terms.

Q. Were they all private ways? You had a right to enter?

A. We had no right of entrance.

Q. You only held the fee of the land?

A. As near as we can calculate, we sold them 38,000 feet of land.

Q. What kind of a building was it?

A. There were a number of buildings.

Q. What was the character of the buildings?

A. There was the refinery property, a four-story brick-building; and then there was a brick boiler-house; and then there was— I can't recollect,—six or eight.

Q. You were a large stockholder?

A. I owned about one-sixth of the stock.

Q. Were you an officer in the company?

A. A director.

Q. Will you tell us how much this property was taxed for,—this real estate,—the year it was sold?

A. No; I can't.

Q. Can't you, really?

A. It was taxed in two ways; the real estate was taxed—

Q. How much for?

A. I don't recollect.

Q. Somewhere near?

A. No; I have no idea.

Q. None at all?

A. No, sir.

Q. Whether it was a large sum or a small one?

A. Then we paid taxes on the machinery and the capital.

Q. Do you know how much that was taxed for?

A. No, sir.

Q. How much on the building?

A. I can't tell you.

Q. Can you tell us pretty nearly?

A. Not without reference to the books.

Q. Haven't you some idea of how much it cost,—the land you sold for \$100,000?

A. The land was but a small proportion of the property.

Q. What did the railroad do with the machinery?

A. I understand they sold it.

Q. For how much?

A. For \$17,000.

Q. Who sold it; Mr. Lothrop or Mr. Hooper?

A. How do I know?

Q. I don't know; I asked you.

A. I don't know.

Q. Don't you know with whom this bargain was made?

A. No, sir.

Q. Who bought the machinery?

A. I understand Rawlins & Hittinger bought the machinery for \$17,000, at that time.

Q. They have failed since; it failed them?

A. Yes, sir; they have failed. I was surprised at so low a price; for that machinery cost us \$174,000, and they sold it for about ten cents on the dollar.

Q. Who paid you the money?

A. They didn't pay any money; I think they gave all notes.

Q. They paid some soon after, didn't they?

A. I think the shortest notes were six months, and the longest eight or ten.

Q. What were the six months' notes?

A. I don't know; I wasn't the treasurer.

Q. How much were the eight months' notes?

A. I don't know, sir.

Q. Don't you know about them?

A. I have stated all I know.

Q. Who had the agency of the sale for the Eastern Railroad?

A. What, sir?

Q. The agency of the sale; don't you know who they acted with?

A. O, Mr. Lothrop.

Q. Why, I haven't heard his name mentioned before for some minutes.

A. I recollect having one interview with Mr. Lothrop.

Q. Now, what was said; first tell us about the sale,—about the price,—let us have it all?

A. I asked him if we could not agree upon a price. They were going to take it, and we could make no arrangements about our business; and it would be better to come to some agreement at once, and then we could arrange our refinery business to meet it. He said he would think about it,—he might have said he would consult about it; at all events, he would take it into consideration, and would see Mr. Smith about it. I have no recollection of calling upon him again. It then passed into the hands of Mr. Smith.

Q. And Mr. Smith was your counsel. You did, then, have this conversation about the price?

A. I have told you.

Q. Yes, you have. Now, don't you know at what price it was sold?

A. I have not been asked that yet, I believe.

Q. Well, I ask it now: What price was it?

A. I am trying to make you understand it; if you will give me time, I will. The matter passed into the hands of Mr. Smith and my son, and the negotiation was carried on by them. They fixed the price at \$450,000. They consulted with me about it, and, of course, I took no further interest. Finally,—how long it was I don't know; it may have been two or three weeks after,—they reported that the road had offered \$440,000, and they said they would sell it if I was willing. I told my son to do as he chose, and they closed the sale with Mr. Lothrop. I never saw Mr.

Lothrop about it afterwards, and I don't know as I have ever seen him since.

Q. They paid you, then, \$440,000?

A. The treasury of the Eastern Railroad did, I suppose.

Q. And so that sale was made by Mr. Lothrop?

A. Yes, sir.

Q. Did you see any other director or manager of the Eastern Railroad, yourself, about the price or the sale?

A. No, sir.

Q. How many notes of the Eastern Railroad have you now?

A. I have not any.

Q. Disposed of them?

A. The longest note was eight months, it might have been ten; I think the notes ran six, eight and ten months.

Q. Then the property cost the company \$440,000, and it has been paid?

A. No, sir; they paid part notes and part bonds; the notes have all been paid.

Q. What bonds—the Conway bonds?

A. They are bonds with the ten-year coupon-notes.

Q. You hold them now?

A. No, sir; I sold them.

Q. When did you sell them?

A. I cannot fix the exact date.

Q. What did you get for them?

A. I think 99 $\frac{1}{4}$.

Q. That was the lowest?

A. I didn't say that was the lowest. It was somewhere from 99 $\frac{1}{4}$ to 99 $\frac{3}{4}$, and I think the most of them sold for 99 $\frac{1}{4}$.

Q. Can you tell us what year they sold in?

A. The year of the panic.

Q. Who sold them for you—a broker?

A. I don't know that we employed a broker.

Q. Brewster, Sweet & Co.?

A. I think the treasurer sold a portion of them; I know he did; and Blake Brothers a portion, and Brewster, Sweet & Co. a portion. They were sold pretty nearly at par.

Q. So that you got all your pay, substantially?

A. Yes, we got all our pay; I think we allowed one-quarter per cent.

Q. What did you consider the fair value in the market of the refinery, when it was sold?

A. It would be impossible for me to answer that question, because there is no such thing as a market value for a refinery. After the bill passed, giving them the right to take it, I could not have sold it for the original cost.

Q. Did you consider, at that time, you could have recovered that amount before a jury?

A. O, yes, sir.

Q. What kind of a jury would that be?

A. Such as the statute provided. The Act provided the way in which the jury was to be made up.

Q. (By Mr. WILLIAMS.) Did you ever consider that you got a very high price?

A. No, sir; I did not, at that time; I have since, because the refinery business has been very dull; but there were years, when we ran that refinery, that it made two-thirds in one year as much as we got for the whole. But since I sold it, business has been very bad.

Q. (By Mr. MOSELEY.) What did you do with these notes?

A. Sold them; I said to the Chairman, as I recollect, that we sold a part to Blake Brothers, a part to Brewster, Sweet & Co., and may have sold to some other parties.

Q. As a matter of fact, you negotiated that paper before you actually passed the papers for the sale?

A. I said nothing by which you could draw that conclusion.

Q. I asked it as a matter of fact.

A. No, sir.

Mr. MOSELEY. That is all.

TESTIMONY OF MR. NATHANIEL HOOPER.

Q. (By Mr. THOMAS.) Were you at one time a director in the Eastern Railroad?

A. Yes, sir.

Q. From what time?

A. Perhaps six weeks or two months.

Q. What time was it?

A. It was in the spring of this year—or last year.

Q. Eighteen hundred and seventy-five?

A. Yes, sir.

Q. When did you leave?

A. I don't recollect the date. I was requested by the directors to take my brother's place, to which I objected. They said that my family had a very large interest, and that I ought to go in. I said that I had no time to devote to the road, and they agreed to relieve me from serving on committees in the board, and I went in.

Q. How long did you remain?

A. Perhaps two months.

Q. Had you anything to do with the purchase of the Maine Central stock, or the payment for it?

A. Never had anything to do with it.

Q. No agency in it?

A. No, sir.

Q. Did you make inquiry in relation to the indebtedness of the road?

A. No, sir; I never examined its books; I never knew anything about the road, in fact, before going in, and cannot give you any information myself.

Q. Never knew anything about the disbursements by Mr. Sanborn?

A. No, sir; I never knew Sanborn, or of any such transactions.

Q. Something was said about your having been present at a meeting of the directors on the 10th of May.

A. I was told I seconded a vote authorizing or sanctioning the purchase of Maine Central shares. I have no recollection of any such thing; I have no recollection of being present when such a vote was offered.

Q. Do you know anything about either of these books of bonds?

A. Nothing, whatever; never heard of the transaction, until to-night; I never attended but three meetings of the directors.

Q. You never agreed, as I understand you, to give the road your personal attention?

A. No, sir.

Q. You were too much occupied to do it?

A. Yes, sir.

Q. And finding you were thus otherwise occupied, and couldn't attend to it, you resigned?

A. I resigned.

Q. You had no part, I suppose, in the differences between the directors?

A. None, whatever; in fact, there was none occurred, to my knowledge.

Q. (By Mr. SHATTUCK.) In relation to any vote confirming the sale of Maine Central stock, you mean to say you have no recollection whether there was such a vote or not?

A. No recollection at all.

Q. You didn't mean to say that it was not offered?

A. No, sir; if such a vote was offered, and I was requested to second it, I might have done so; but it made no impression on my mind.

Mr. SHATTUCK. That is all.

MR. GEORGE L. WARD—*Recalled.*

Q. (By Mr. SHATTUCK.) I want to ask you, Mr. Ward, whether, when you were making the contract, at the time, for the sale of the stock, you went to Mr. Haven's office with Mr. Wooldredge—at the time of the sale of the last stock you made?

Mr. THOMAS. I think that was gone over before; I don't think we should go over that again.

Mr. WILLIAMS. What is the question?

Mr. SHATTUCK. Whether he went with Mr. Wooldredge to Mr. Haven's office?

Mr. WILLIAMS. I think that has all been gone over.

Mr. SHATTUCK. Won't you state it? It will only take a minute.

WITNESS. Mr. Wooldredge wanted me to go to the Merchants' Bank, and there he concluded the negotiation for the sale of the stock—the last stock sold; after the negotiation was closed, and the bargain was made, he requested me to go in and state the fact—

Mr. THOMAS. That I remember he stated before.

Mr. SHATTUCK. Well, if it is admitted, I want it in, that is all; whether Mr. Haven made any objection?

A. No, sir; he did not.

TESTIMONY OF JOHN CUMMINGS—*Recalled.*

Q. (By Mr. THOMAS.) Mr. Cummings, did you, in your investigation, discover anything about this large payment to Mr. Sanborn?

A. No, sir; we commenced our examination of the accounts of the road at the close of business in November; I think of the first of December.

Q. Were not some of these payments made while you were a director?

A. None at all, that I know of.

Q. None at all; if they were made, they were made without your knowledge?

A. You are talking about Mr. Sanborn?

Q. I am.

A. I don't know anything about it; I may have heard his name mentioned, but I know nothing about it.

Q. I will ask you, now, about the other payments, that have been made recently, possibly; didn't you know anything about them?

A. No, I did not.

Q. I don't know that you have attended the meetings of the board, since you were elected, February last, have you?

A. I attended all the meetings from February to about October, I think, and—

Q. O, pardon me; I mean February last, 1876.

A. Yes; I have been to all the meetings of the board, since, I should think, December.

Q. So that you attend the meetings of the board now?

A. I do; yes.

Q. Well, has there been any conversation between the members of the board in respect to this large expenditure to Mr. Sanborn, at any time when you have been present?

A. No, I never knew it till I heard it to-day; never knew there was any such expenditure.

Q. Nor that there were retaining fees that have been spoken of; know that retaining fees have been paid?

A. Retaining fees to other parties? When we began the examination, in the first place— I had better let you understand precisely—

Mr. THOMAS. Make it as brief as you can.

Mr. CUMMINGS. I will try to be; but I want it to be correct. I want you to know the facts as they are. Mr. Lawrence was not at home when we began the examination, and Mr. Williams and myself went there and took the records, beginning at the close of the last year, and checked off all the vouchers by the books right through, he checking and I examining; and in the examination we did find many vouchers for lawyers' fees; and when, after a day or two, finding them quite frequent, he suggested that we had better see how much they came to. I said they were all new to me, and Mr. Williams did keep a memorandum of the amounts. How much it amounted to I can't say. I do recollect that it cost about \$15,000 for detective fees; that, as I understood, was paid for the detection of fraud by the conductors on the road. Then we found some other large amounts; but I never footed up, so that I never knew just how much they

amounted to. It seemed to me that there were a good many lawyers retained for the benefit of the road more than was needed.

Q. Well, Mr. Cummings, I don't remember whether I asked you respecting the pledging of these bonds?

A. I knew nothing of the bonds at all, till I heard one day that it was said to be an overissue; and upon inquiry as to what was meant by overissue, I was told—I think Mr. Lawrence told me, too—that the book—these bonds—had been found.

Q. Did you discover that in the course of any investigation?

A. No, sir.

Q. But only heard of it since?

A. Since then.

Q. And you didn't know the party they were pledged to?

A. I didn't know anything about it. I didn't know anything about this railroad stock being pledged. The only thing I can say I found, was in last year's report, an item of \$500,000 bills receivable,—something more than \$500,000 bills receivable,—and I asked Mr. Parker what was included in that; and he said the most of it was made up of the notes of Mr. Wooldredge and Mr. Lothrop, that were given for Maine Central Railroad stock. They held it, and the road held their notes representing it. It was in the return made that year I found it,—the printed report.

Q. Did you have anything to do with the depot at Lynn?

A. That was all done before I went there.

Q. (By Mr. JAMES.) Will you state how much time you spent there examining these vouchers?

A. Well, I was there, I should think, before Mr. Lawrence came, two weeks or more, spending most of the time. I went through some three or four thousand of vouchers,—in fact all up to as far as the books were posted to that time,—and then I took all the notes that had been given, and verified all the notes by the cash. I found that there was not a cash-account kept, but for every note that was discounted a cash entry was made, and there was so much credited to bills payable and so much to interest; that was all charged, and we verified them all. After Mr. Lawrence came, there was only room for two to work, and I gave most of my attention to the ticket department; that I did watch every day.

Q. Did you examine these large counsel fees—these retainers?

A. I knew nothing about it.

Q. Butler, and those parties?

A. I knew nothing about it. All I knew was, that a retaining fee was given to Judge Hoar, I think.

Q. (By Mr. SHATTUCK.) You mean to say that you never knew of the retainers to Mr. Butler, Mr. Russell, Mr.—

A. Mr. Russell, I understood, to be the counsel for the road. I didn't suppose he would require a retainer. I think very likely action was taken by the board of directors, because there was a time there when I didn't attend the meetings.

Q. (By Mr. THOMAS.) What is your rule, Mr. Cummings, in the case of large expenditures,—when thousands and thousands of dollars

are paid out,—is it your understanding that it was the rule to leave it to the president, or did he bring it before the board?

A. I have stated many times that I was a director in the Boston & Albany, and the detail work was laid before the Boston & Albany much more than before the Eastern directors.

Q. Was it your view that expenditures should be authorized by the directors, or the president?

A. I think no expenditures ought to be made that are not voted by the directors.

Q. What is your rule with respect to this: suppose a man is given \$5,000 to do certain duties, the expenses of which may be more or may be less; should he render an account for what he had done?

A. I should think it was not prudent if I did not require that he should account actually for what he bought, or if he paid out less or any in addition.

Q. (By Mr. SHATTUCK.) You spoke of notes of \$500,000; apiece, did you say?

A. No; \$500,000 in all; the account showed bills receivable, \$500,000.

Q. You saw no note?

A. I saw no note.

Q. Where is that account?

A. In the published account of 1874, I think.

Q. About \$250,000 each?

A. No, sir; something over \$500,000 of bills receivable. I asked of what that was composed, and he said largely of these two notes, and then there were some others which I understood had not much value.

Mr. CUMMINGS. Mr. Chairman, I have listened to many statements that have been made here with regard to my conduct, and in order that you may know the facts that have been stated here, and that I may be placed as I should be, if the Committee will allow me, I should like to make some statements upon certain points in my connection with the road, just as they took place.

Mr. WILLIAMS. Proceed, Mr. Cummings.

Mr. CUMMINGS. I shall begin, Mr. Chairman, with the report that I made after having been put on a committee with Mr. Lord, who was a committee of the Boston & Maine to adjust the business between the two roads,—or the business that was done by the two roads at competing points. I was very anxious indeed, soon after I first came in, finding that these two roads were seeming to antagonize themselves toward each other, as much as it was possible to do, that, as I expressed it, and as I felt it, there was not an employé upon either road that didn't think his duty most imperative to do all he could to injure the other road from beginning to end. I was very anxious indeed that harmony should be secured. I believed that, if the business could be adjusted—

Mr. SHATTUCK. I don't know. I don't want to be unreasonable, but it seems to me, if we are going into this thing, and on both sides, we shall have to spend some weeks.

Mr. CUMMINGS. I shan't take up much time. I only want to give the idea of what lay in my mind, and why I wanted to make the settlement.

Mr. WILLIAMS. I would simply make this suggestion to you: the Committee are all disposed to give the fullest opportunity to all the gentlemen who have any dealings in the matter,—directors and others,—the fullest opportunity to explain; but, of course, our time is limited, and we have had a full statement already of your course in the matter. We will leave it to your judgment to touch upon such points as you think have not been already explained.

Mr. CUMMINGS. I shall touch lightly. I was charged with using profane language in the directors' room. I don't think I am a profane man, generally, and I don't think I ever used a profane word in the directors' room in my life. I don't think I ever did. I never intended to be disrespectful there. I was charged with being angry; I never got angry but once since I have been a director of the Eastern Railroad, and I don't intend to again. As I was going on to say, sir, I felt that if these two roads could come together and adjust their business, so that they could be paid for the immense amount of business they seemed to be doing upon the roads, that both of them might make money. I thought that, and I believed that could be done, and I went in and bought into the road as a speculation. I ought not to use the word speculation, because I bought as a permanent investment. I bought 450 shares of the stock, going into the road without a share, and I did buy something like \$100,000 of the bonds. We worked a good many days and some nights, and labored hard. I said to him that I should do everything in my power to adjust this matter, and Mr. Lord said he should do all he could. His directors said that whatever he reported—some of his directors said to him that whatever report he agreed to, it should be adopted. We did get an agreement made that I thought was fair, and he thought was fair; and when I had signed it, and he had signed it, he says, "This agreement calls for a ratification by both roads within ten days; if my directors don't ratify that, Mr. Cummings, I will resign my position on the board." "Well," said I, "I think that your directors will ratify it, and I think the directors of the Eastern Railroad,—I know they are disposed to adjust this matter,—and I think they will ratify it, too." I gave the agreement, as signed, to Mr. Wooldredge and to Mr. Hatch, to look it over. A meeting of the board of directors was called to consider it. I presented it there. When we got there, I found, for the first time, that Mr. Hatch was there; and I found that Mr. Wooldredge was opposed to any action being taken to ratify it, criticising it, and charging, very strongly, too, that if it was ratified, the Boston & Maine would not live by it. He thought, and I thought, and the other directors generally thought the Boston & Maine had broken a great many contracts that they had made, and while the two roads were then working under contracts, each was charging the other almost daily with breaches of the contract. But I felt, by the sincere manner in which Mr. Lord had treated this question, that if this agreement was made, that it would be ratified, and that it would be lived up to. In fact, Mr. Furber had said, "If you want me to be good, I can be good," to express it as he did. As I say, it was presented. I don't think, myself, that it was just what the Eastern road ought to have had; but, I think, that it could have been

accepted; that it would have saved thousands of dollars; and, I think, we had better give a few hundred dollars to save many thousands. I said much like that. But it was opposed, as I said, most strongly, by Mr. Wooldredge, and also by Mr. Hatch, he only expressing his opinion, and no action was taken, and it was postponed beyond the ten days. Postponing it beyond the ten days, when there was plenty of time to have had another meeting, and to have considered it,—postponing it beyond the ten days seemed to me evidence that they didn't want a settlement. I felt so, and I expressed myself so,—that they didn't want to make an arrangement. Believing that if they were going on to fight,—not knowing, at that time, and not suspecting, at that time, that the road was indebted for more than \$12,000,000,—believing that, if they were going on to fight, they could not pay the interest on that amount, I said, "I am going to sell." I had not been in the road, at that time, but two or three months; and that day I did sell all but ten shares of my stock, and all my bonds; and told my friends who had bought with me, that I had done it,—and done it, because I didn't believe the Eastern Railroad meant to make an adjustment with the Boston & Maine. I intended to resign my place on the board, too. Mr. Bates came to me the next day, I think, and said he heard I was going to resign; and that, if I resigned, he was going to resign, too. He said he only went in because I went in. I said I could not go on, unless there was to be an adjustment between the two roads. Mr. Bates said, "We can have that adjustment; we can have that adjustment." Mr. Haven came to me, and asked me if I was going to resign. He said if Mr. Bates and I went out of the board, it would hurt the board very much. He said, "If you want the adjustment then, Mr. Cummings, you don't want it any more than I do; and we can get an adjustment between the two roads." Then I went in again, acting with the board. I asked for two to be added to the committee, to see if we could not make a compromise. I asked Mr. Lord to have two added to his committee, which he did; and we had many meetings, and we got down to one single point of settlement. When we got there, I felt we were sure that it was coming,—and I then did not know the Eastern Railroad was not earning its interest; and I saw stated, one day, that Mr. Hooper's estate was offering \$100,000 of their bonds, at 90. I bought \$100,000, of these bonds, at 90. I sold \$59,000 of them, and kept \$41,000 of them. After I began the examination, and found the wretched condition of the road, I never bought a bond or share of stock, and changed my financial relations with the road in money, and hold the same to-day as I held then, although I saw the bonds go down, day by day.

Mr. THOMAS. Is that all?

Mr. CUMMINGS. No, sir; that isn't all, quite.

Mr. THOMAS. I didn't know—

Mr. CUMMINGS. In the meeting in October, at which it was proposed to choose a committee of ways and means,—it was voted to choose such a committee,—three members were nominated upon that committee. The gentlemen began to excuse themselves, and I said: "I don't see why we want a committee for this purpose. I believe every gentleman at the board understands just as well now, as he can after a conference by a

committee, just what this road ought to do, just what steps ought to be taken." Mr. Haven says to me: "What do you mean, Mr. Cummings?" Said I, "I mean that what should be done here would be to change the administration." He says to me: "Do you want a change of the board of directors?" I said, "I don't think that necessarily follows." "What do you mean?" Said I, "I mean that we shall change the president of the road." Said I, "Mr. Wooldredge don't know, but I know, and I believe every director here knows, that this road can't be carried on under Mr. Wooldredge's management."

Mr. THOMAS. Let me interrupt you; haven't you told that, substantially, before?

Mr. CUMMINGS. No, sir; I have not.

Mr. SHATTUCK. Yes you have.

The CHAIRMAN. Let me get it in a new form. I think he stated nearly the same thing before, and I wanted then to ask him a question, but something intervened, and it escaped my mind. He has said this road could not go on under Mr. Wooldredge's management, and I wanted then to ask Mr. Cummings, what were the grave faults with the management?

A. The grave fault at that time was that public opinion was against the management of the Eastern Railroad.

Q. If you will just bear in mind,—I don't want to interrupt the thread,—what did you see in the character or administration of Mr. Wooldredge that convinced you that he was not the man for the place?

A. Before that, I had found that between three and five hundred dollars a day was lost by free passes, free trip-passes, and that there were 2,100 annual passes out at the same time, and that while the road was doing a large business it was carrying men for nothing. These three or five hundred dollars a day were the value of free passes.

Q. And this you imparted directly to Mr. Wooldredge?

A. Yes, I did.

The CHAIRMAN. Well, you may go on, Mr. Cummings.

Mr. SHATTUCK. Perhaps he has some other reasons to give?

The CHAIRMAN. If he has any additional reasons, certainly.

Q. (By Mr. THOMAS.) Is that all, Mr. Cummings?

A. I don't know but what it is all. I want to state that I didn't go on and try to break the road down; that I didn't want the road to be bankrupt; that I didn't do anything, after I found out the condition of the road, to injure it in any way.

Q. (By the CHAIRMAN.) Mr. Russell stated that of this four hundred or five hundred dollars, not one-quarter of it would have been travelled if the people hadn't had passes, so that would make an actual loss of only \$100.

A. I found these passes were about one-third of them to females

Q. (By Mr. SHATTUCK.) Have you any list of these passes?

A. I have not a list here; there is one at the office.

Mr. SHATTUCK. We want it here.

Q. (By Mr. THOMAS.) When you found this fact, in respect to these passes, which, as I understood you, you regarded as wrong, morally, did you call the attention of the directors to that fact?

A. I certainly did.

Q. And asked them to have it remedied?

A. I did, and they had it remedied; made an attempt at once.

Q. Then the purpose you had was accomplished?

A. It was, after a while; but I found a good deal of obstruction to it. I found that Mr. Wooldredge and Mr. Hatch didn't favor it. I found that this office down in Washington Street,—where they say I didn't spend but fifteen minutes a day,—I found the expenses of that office were more than half of all we received from it, and I found that over \$100 a day, some days, went from that office as free passes. I recommended the shutting up of that office; and I urged the shutting up of it some weeks before it was done, too.

Q. I may be mistaken, but I had the impression you had already testified to that. One question: Was not there some angry discussion between you and Mr. Wooldredge, which discussion came out to the public, and tended to impair the confidence in the road and its management?

A. I didn't know that there was.

Q. Wasn't there some talk between you and him, in which you charged him with having cheated you?

A. No, sir; not with having cheated me at all.

Q. Not with having cheated you?

A. No, sir; never. I might have charged him with wronging the road.

Q. With defrauding some one, or cheating some one?

A. I may have charged him with defrauding the road.

Q. Wasn't the matter carried so far that you came, if not actually to blows, pretty near to it?

A. Not a bit of it, sir; and the very next time I met the gentleman was in his office down there, and he said, "Notwithstanding what you said to me, I believe you are my friend." Said I, "I am your friend; if it had been my father, I wouldn't have modified my language one bit."

Q. (By the CHAIRMAN.) You said you might have charged him with wronging the road; what did you mean by that? Wronged it except in wrong administration of its affairs, or did you mean swindling?

A. I mean that the administration was not a wise one, nor a just one.

Q. And no more than that?

A. No, sir.

Q. You didn't mean to charge him with not doing all he knew how? (By Mr. SHATTUCK.) Are any of these free passes now at the office?

A. I don't know. Mr. Hatch had care of them.

Q. You had a list of them?

A. I had the account. I certainly thought it quite a list.

Q. You were a director in the road, will you produce it?

A. It is not in my possession.

Q. Won't you produce that list of free passes?

A. I will get it if I can.

Q. (By Mr. THOMAS.) You have stated how many were female passes?

A. I think nearly one-third; about that.

Q. That was the statement before?

A. Yes, that is what it was. In the first place I was told that these passes, by Mr. Wooldredge and Mr. Hatch, both, were generally given for the interest of the road. Then I began to analyze and see how many males and how many females, because it didn't seem to me that it was for the interest of the road to carry females over the road.

Q. (By Mr. SHATTUCK.) How many passes did you find signed by Mr. Wooldredge?

A. Not very many.

Q. Did you find twenty?

A. Not very many; Mr. Hatch and Mr. Batchelder signed them.

Q. Did you find any?

A. I don't know that I did.

Q. You won't swear,—one?

A. No, sir. The difficulty was, he didn't stop it; that was the difficulty.

Q. (By the CHAIRMAN.) May I ask this: You really think the free passes had a very little to do with the misfortunes of the road, don't you?

A. I think that they demoralized, more than anything else. I asked a conductor one day about the free passes, "Well," said he, "there is a great many of them." I think that when a conductor went through a train and saw that every one in five persons had a pass, I think if you held the conductor up to strict honesty, you have something more than I can expect to find.

Q. Do you, or not, believe that the prime cause of the destruction of the road has been this disastrous competition with the Maine?

A. Yes.

Q. You mean to say that the free-pass system was a little trifling matter, as compared with the main cause?

A. It was an outgrowth out of that. I found the free-pass system, and the examination of the tickets, had been neglected for two years,—the very source from which we received the money,—I found that they were entirely neglected; and when I saw how many trains were passing over the road—

Q. (By Mr. THOMAS.) Perhaps it might enlighten the Committee and perhaps not, I will ask him this in the matter of free passes: If it should be deemed wise to issue such, wouldn't it be better to send a regular ticket, so that your conductors can take them up?

A. I said that I would have every one of the employes buy the tickets, and pay back the money; because I had found, as I thought, that the employes' tickets were being prostituted and used by other parties.

Q. I understand; but supposing a gentleman should want a free pass, wouldn't it be better to send a ticket, such as every other passenger would get, and let the conductor take that up as every other?

A. I don't know how you can do this, if you have a system of keeping account of all tickets; it would be a difficult thing to do.

Q. (By Mr. SHATTUCK.) Wasn't this examination made by you in August?

A. I think it was.

Q. Weren't there a good many out at that time going to camp-meetings?

A. No, sir; there were none going to camp-meetings at that time.

MR. THOMAS. This is a declaration made by Charles Deering. [Submitting a paper, "A," appended.] It would appear from this that the Eastern Railroad Company had furnished the money to settle with the owner, so that the \$16,500 paid to the owner by Captain Deering was furnished by the Eastern Railroad Company. And the point that I want to direct attention to is this: It appeared by the testimony of Mr. Dodge that it was prior to what is supposed to be the time of this contract, in October,—prior to October, 1873,—that Mr. Lothrop had been informed of this. Then, I have, also, to put in a list of the sales of the bonds of the Eastern Railroad, and of the stock of the Eastern Railroad, and of the bonds of the Portsmouth, Great Falls & Conway Railroad, which was furnished to me by Mr. Brewster, who has been spoken of here. The gentleman is ill, and could not come, personally, but this is correctly made out. [Paper marked "C," appended.] And then here is another paper, that was also furnished by Mr. Brewster, by which it would appear that this stock, these bonds,—\$2,000,000 bonds,—were advertised by Richardson, Hill & Co., not as their own property at all, but as agents for the Eastern Railroad Company; so that persons buying these bonds have supposed that they were dealing, not with Richardson, Hill & Co., but with the Eastern Railroad Company. I don't know as it is important enough to put it in with the record.

MR. WILLIAMS. It is better, perhaps, that it should go on the record. The legislature might object to it, if we referred to it, and did not put it in the record. [Paper marked "D," appended.]

MR. THOMAS. Here is a letter from Mr. Charles Deering accompanying that paper. It was handed to me by Mr. Parker. [Paper marked "B," appended.]

MR. WILLIAMS. It occurs to me that this is possible,—making an inference in favor of Mr. Lothrop, as he is absent,—it is possible that this money might have been paid Capt. Deering some time prior, but that he did not sign and deliver the declaration till afterwards.

MR. SHATTUCK. That paper refers to a paper that had been made before.

MR. THOMAS. Yes, it does indeed; and then it appears that the paper which was made before was made the 1st of October; whereas, contrary to my expectation of what the testimony would be, it appears, from the testimony of Mr. Dodge, that he had this conversation in August or September before this.

MR. SHATTUCK. If you have ever been to Mount Desert, you know how they fight.

MR. THOMAS. It can't be inferred that Mr. Lothrop had made the agreement binding him to do this, before that conversation.

MR. WILLIAMS. It is barely possible that they might have paid the money to Captain Deering and become entitled to the deed, and expected it from day to day, but it didn't come, and they finally got this declaration.

MR. THOMAS. One thing I wish to state, in justice to Mr. Lothrop, who

is absent, that I was informed,—and I supposed by a gentleman who knew,—that one of these books of bonds had been pledged to a bank at Portsmouth, for that loan of which I spoke; but, after the bonds had remained in the charge of the bank till about the time that Mr. Wooldredge was going away, shares of the Maine Central Railroad were substituted, and these bonds were given up to Mr. Wooldredge; and he, not knowing precisely what to do with them, inquired of his counsel what he should do, and his counsel advised him to take them to Mr. Lothrop's office. I don't think I made myself entirely clear, Brother Shattuck. If it is so, that accounts for Mr. Lothrop's writing that he should leave it to the discretion of Mr. Bishop, because, you understand, Mr. Chairman, and so, of course, does Mr. Shattuck, that, if these bonds were pledged for that loan to the Eastern Railroad Company, it would not do to substitute something else for it without the consent of Mr. Lothrop, because he was the indorser of the note or bond to secure him as such indorser; and, therefore, it might be,—if this gentleman is right, and Mr. Wooldredge is mistaken,—it might very well be that Mr. Bishop should write to Mr. Lothrop, and say that they wished to substitute other collateral.

MR. SHATTUCK. I wish to make a statement: It seems to be of late the fashion to make statements. Although I don't represent Mr. Lothrop, I understood he went down to Mount Desert, and examined this land; that a person who was passing the summer there, said he did, and said he had no doubt he got it at the best price he could; perhaps he was a little eager, but under the circumstances it was perhaps the best bargain he could make.

JOHN B. PARKER—*Recalled.*

Q. (By Mr. SHATTUCK.) Do you recollect of Mr. Haven approving the payment of any money, to you, as trustee?

A. I think he did.

Q. When was that?

A. I think it was February 11, 1873.

Q. That was the first payment for Maine Central stock?

A. Yes; I had his approval, I think.

Q. You had his approval, in writing?

A. Yes.

Q. Where is it?

A. I had it among some papers connected with the Maine Central stock.

Q. Where is it now?

A. It is in my possession.

Q. Will you produce it?

A. Yes. [Paper produced.]

Q. I want to know, Mr. Parker, if Mr. Wooldredge made any reduction in expenses, after coming into the presidency of the road?

A. He did.

Q. To what extent?

A. I should say, perhaps, to the extent of \$10,000 or \$15,000 a month.

Q. In what way did he make those reductions?

A. Partly in the purchases, and partly in the pay-roll.

Q. Now, as to the time that Mr. Wooldredge devoted to the work of the road, at the office, while he was there, what time was he there in the morning, and how late did he stay?

A. He usually came about eight o'clock in the morning, sometimes earlier, and remained until five or six o'clock in the afternoon. A considerable portion of the time was spent in negotiating loans, perhaps, more than in real office-work.

Q. Well, then, how late at night was he there?

A. Sometimes as late as nine o'clock.

Q. Now, as to this paper. What is that an approval of? or, I will read it. It is as follows: "Boston, Feb. 11, 1873. We hereby approve the loan made by the treasurer to the trustee of thirty thousand dollars, in conformity with the agreement of G. L. Ward and others. T. K. Lothrop, Franklin Haven, Committee of Finance E. R. R." Was that the first purchase?

A. That was the first payment.

Q. And that agreement of G. L. Ward and others was an agreement for Maine Central stock?

A. I so understood it.

Q. You took this merely as trustee, to pay for the stock?

A. Yes.

Q. That is the handwriting of Mr. Lothrop and Mr. Haven?

A. It is.

Q. The Committee will remember that this is the date of the first purchase. Mr. Parker, were there several notes, amounting to \$500,000, made by Mr. Haven and Mr. Wooldredge? What were those notes to which Mr. Cummings referred to-night?

A. They were indorsements on notes of the company: \$200,000 to the Life Office, as we called it—the Massachusetts Hospital Life Insurance Company; \$75,000 to the Bank of Commerce in New York; \$100,000 to the New Bedford Savings Bank; \$50,000 to the Home Savings Bank, and a like amount to the Five Cents Savings Bank.

Q. Were not all those notes given for Maine Central stock?

A. The Maine Central stock was carried to bills receivable, because there was no other account to which to carry it.

Q. Did you ever tell Mr. Cummings that they were loans for the Maine Central?

A. No. I think I said that notes receivable in the balance-sheet were represented by the Maine Central stock.

Q. You did not say that those notes that were indorsed by Mr. Wooldredge and Mr. Haven had any special reference to those?

A. I do not remember that I did.

Q. Did you ever have any knowledge of Mr. Wooldredge indorsing notes of the Eastern Railroad, except to pay money that was maturing at the time, and had to be paid?

A. Never.

Q. But he did do that to the extent of \$500,000?

A. To a very large amount.

Q. Will you state whether or not anything new was undertaken by

Mr. Wooldredge after he went into the board, so far as you know, in the way of spending money, except to wind up old matters?

A. I think not.

Q. Whether or not any of these payments to Sanborn were made during his presidency?

A. They were not.

Q. Now, can you produce a list of the free passes, issued by the Eastern Railroad, while Mr. Wooldredge was there?

A. I never saw such a list.

Q. Was the number of free passes reduced or increased while he was there?

A. I could not say.

Q. (By Mr. THOMAS.) Is it not, true that this purchase of the sugar-house estate, and the payment for it, was what first embarrassed the company so much?

A. Unquestionably, that was the first thing that broke the market for our securities and notes.

Q. Those notes were on short time, were they not, and they were large in amount?

A. The sugar-refinery was paid for in this way: The Eastern Railroad gave \$327,000 in notes, to run for ten years. Then \$100,000, to be paid within one year, one note about each month. All those notes were paid at maturity, within one year.

Q. Who negotiated for the purchase of that property?

A. I think it was done by a committee of the board, which had full power. I think the president, and perhaps Mr. Hooper; I will not be positive?

Q. The president was Mr. Lothrop?

A. Yes.

Q. Did you ever learn what was the fair market price of that property?

A. I never heard it stated.

Q. Did you ascertain that there was an error in the report of the president?

A. I did.

Q. Tell us what was the nature of it, and how it was discovered?

A. That was discovered by the false entering, or, rather, the beginning of it was discovered by the false entering of a state tax. It was entered as \$56,000, when it should have been entered as \$5,600. It was so entered in 1874; subsequently, it was carried, to correct the error, to miscellaneous expenses. The next year, a cross-entry was made to expenses, I think. In carrying that account, but one error,—which must be called a great blunder,—the balance was taken as earnings, when it should have gone to expenses.

Q. Did the president, in making up his report, use every endeavor to secure its accuracy?

A. He did everything possible.

Q. Was that error one of those things which might have been overlooked, even by a person working in the most careful manner, as the president was?

Q. Yes; and the error was discovered only by looking up a small amount of interest, transferred from one account to another.

Q. Besides that, there is nothing wrong in the report?

A. Nothing.

Q. Was there not a substantial change in the method of book-keeping in the fall of 1874?

A. Yes, sir.

Mr. THOMAS. Mr. Wooldredge has said that they returned to the old system.

Q. (By Mr. SHATTUCK.) You are there at the office all the time; how early do you come, and how late do you stay?

A. I come at all hours.

Q. You stay at all hours, too? How many nights have you spent in your office in the last two years?

A. All night? Not any; I usually go out in the 9.30 train. I leave Salem at six in the morning.

Q. During those hours, to what business are you devoted?

A. To the general business of the road.

Q. For how many years has this been?

A. Since 1855.

Q. As you were there early and late, I should like to ask you with regard to Mr. Wooldredge and Mr. Lawrence, whether they have not, so far as possible, in the hours of the day, and sometimes part of the night, devoted themselves to the interests of the road?

A. Most entirely.

Q. Was not every part of the road, from the time Mr. Wooldredge went in there, reformed? I do not mean to say he accomplished everything fully, but was there not a substantial improvement, and thorough reform begun?

A. I should say so.

Mr. SHATTUCK. That is all.

FRANKLIN HAVEN—*Recalled.*

Mr. HAVEN. Mr. Chairman, it appears here that I, as one of the committee of finance, approved a loan made by the treasurer to the trustee of \$30,000 in conformity with the agreement of G. L. Ward and others; signed T. K. Lothrop and myself, and dated February 11, 1873. That agreement does not say a word about Maine Central shares, and I have testified here under the solemnity of an oath, which I repeat now, that the Maine Central shares were never mentioned to me by Mr. Lothrop or anybody else, until the latter part of 1873, when I refused to put my name in the way of approval, as a director, upon any vote issued for the payment of Maine Central shares. This was probably brought to me by Mr. Lothrop, the president of the road, and I signed it, not knowing what it was for. While I am up, I will explain one word more. In conversation with Mr. Ward, last fall, after the surreptitious vote was placed upon the records, and everything had come to my knowledge, I said to him, "You have sold a good deal of this stock to Mr. Lothrop; why did you not confer with me, and let me know that the road was purchasing

it." He said that Mr. Lothrop requested him to keep it a secret, and say nothing about it. And that was kept a secret from me; upon the solemnity of an oath, I so state it.

Q. (By Mr. SHATTUCK.) Will you swear that Mr. Hooper did not write to you more than twenty letters, discussing fully and in detail, the whole subject of the Maine Central purchases. I want you to answer that?

A. He never wrote to me upon the subject of Maine Central shares until the close of 1873, or in January, 1874.

Q. Will you produce the letters which he wrote to you in 1873, in relation to that stock?

A. Until the last of 1873, I do not know that I have any.

Q. Do you keep copies of your letters sent in answer to letters from others?

A. I never kept a copy of a letter that I wrote to a friend on any subject.

Q. None?

A. None whatever.

Q. You know that Mr. Lothrop is absent, and that Mr. Hooper is dead, and you intend to swear to this Committee that Mr. Lothrop fraudulently obtained your signature to that letter?

A. I stated no such thing.

Q. Do you mean to give the Committee to understand that Mr. Lothrop, intending to conceal the purchase from you, fraudulently obtained your signature to this paper?

A. I mean to say no such thing. I say that he must have brought me that paper, and that I signed it without reading it. There is nothing said there about Maine Central shares. I never knew, and never heard, until I heard it stated before this Committee, that Mr. Parker was ever made a trustee.

Q. What did you suppose this meant: "In conformity with the agreement of G. L. Ward and others"? Were you in the habit, as chairman of the finance committee, of approving papers of that kind, relating to the treasurer as being trustee?

A. If it were brought to me by Mr. Lothrop, and he asked me for my signature and said it was all right, I should have given it to him without saying a word.

Q. Do you not know that Mr. Wooldredge refused, and would not purchase another share without your consent?

A. He never said any such thing to me.

Q. Did he not bring to your office all the men from whom he purchased Maine Central shares, in order that you might understand the transaction fully?

A. No; he did not.

Q. You deny, then, the statement of Mr. Cook, that it was in your office that the business was transacted?

A. I deny it *in toto*.

Q. Is the statement of Mr. Cook false?

A. Mr. Cook never mentioned this matter of Maine Central shares to me.

Q. I ask you, again, if the statement of Mr. Cook was false?

A. Yes; so far as it related to any conversation with me concerning Maine Central stock.

Q. Mr. Ward did come to see you?

A. Yes.

Q. Did he not state the contract?

A. He stated it as I have stated to you.

Q. (By the CHAIRMAN.) Let me ask one question. You signed that paper as you may have signed fifty others, if they came to you with the signature of the president of the Eastern Railroad, T. K. Lothrop?

A. I signed it without looking at it. The only thing that I did state to Mr. Parker I would not approve, was the purchase of Maine Central shares. I have signed thousands and tens of thousands of notes, as director of the Eastern Railroad, without knowing what they were given for.

Q. Seeing the president's name upon a note, you would sign it instantly?

A. I have signed them without knowing what they were given for, and the only exception that I have made at all, was in regard to the purchase of Maine Central shares.

Q. (By Mr. SHATTUCK.) Now, do you mean to say, that you did not know of the ratification of the purchase of the stock?

A. What stock?

Q. Of the payment of the money for the stock; that you, as a director, did not know of it?

A. I never saw the contract; nobody ever presented the contract to me.

Q. Now, I ask you, again, if Mr. Hooper did not, in at least ten letters to you, state distinctly and positively all about this Maine Central stock?

A. Never; never until after more than \$500,000 worth of stock had been purchased—until long after the date of that paper. Mr. Hooper was very much worried, afterwards, about the Eastern Railroad owning Maine Central stock. He frequently talked with me about it, and expressed the strongest desire to get rid of it. He offered to join with others, and be the purchaser, himself, of one-fifth of what was held by the road; but I would not have any part of it. I said, that I would not give anything for it.

Mr. THOMAS. That is all.

JOHN WOOLDREDGE—*Recalled.*

Q. (By Mr. SHATTUCK.) Mr. Wooldredge, I should like to ask you the exact facts with reference to the only charge, I believe, that Mr. Cummings made, the other night, with reference to the ticket matter. The vote was passed on the 10th of September, by the directors; where were you then?

A. I was in New Hampshire.

Q. For your health?

A. Yes.

Q. When did you return—what time?

A. I think I returned in season to be at the meeting of the directors of the road that same month; in the latter part of the month, I think.

Q. How soon after Mr. Cummings spoke to you did you give directions to have the ticket-office sent to Salem?

A. The first talk about moving the ticket-office, if I recollect aright,—I have not looked at the record,—was made informally, by the directors, outside of any board meeting. I think that was so. If anything was done at the board I do not recollect it. Mr. Hatch first came to me to make any particular talk about it. The idea was to hire some rooms in the neighborhood, and move Mr. Russell's department out. Mr. Hatch objected strongly to going to Salem. There was some talk and looking around about it. Then came this vote, putting all the charge of the ticket-masters, and everything of the sort, into the hands of Mr. Russell. That was done in my absence. When I returned, within a very short time,—a day or two, perhaps,—Mr. Batchelor spoke to me, in the station, and asked me in regard to this office. He told me that Mr. Cummings had ordered him to fix an office down at Salem, and move this returned ticket-office down there. He asked me if he should take his orders from me or from somebody else. I told him to take his orders from me; that I was president. We were going to Portland that day, and Mr. Cummings and Mr. Batchelor went down in the same car. I told Mr. Batchelor to go down and do this, as Mr. Cummings was so desirous of having it done. I did not believe that it would amount to anything, but I was willing to have it tried. I told him that, as soon as he returned to Boston, to have these rooms fixed and the returned tickets taken down there. We went to Portland, and on the way Mr. Cummings spoke very hard because I would not allow Mr. Batchelor to take his orders from him. We came back from Portland, and Mr. Batchelor sent down to Salem and had the rooms cleaned out ready for the carpenters. In the meantime I had struck a great many men from the pay-roll. The number of men had been cut down as low as possible. I was told that all the carpenters were busy at the time, on work that had to be done immediately, and I was asked whether I wanted new men to be taken on to do the work in Salem. I said no, that not a dollar should be spent in that way, on that account; that the road had gone along for years that way, and that I would wait until the men were unemployed before beginning the work. I gave positive orders, however, that it should be commenced at the earliest possible moment. I am told that the work was begun on the 10th of October, and that they did not go into the office until the first of December, though it was ready for them before that time. I intended that the work should be done as soon as possible, without throwing money away.

Q. (By Mr. SHATTUCK.) In about ten days after you returned, the carpenters went to the place?

A. Yes.

Q. (By the CHAIRMAN.) And the work was done and the office ready before they availed themselves of it?

A. They got in there the first of December; the carpenters went to work, when they finished what they were on.

Q. (By Mr. SHATTUCK.) From the time you went into the presidency of the road, were you not at work, day and night, reducing expenses and making repairs?

A. I thought I was.

Q. How as to this matter of paying bills, those which have been spoken of as paid to Mr. Sanborn; did you have any knowledge of them?

A. I had none at all.

Q. (By Mr. THOMAS.) Do you approve of doing things in that way?

A. I do not do them in that way.

Q. Did you approve any such bills?

A. I do not recollect any.

Q. (By Mr. SHATTUCK.) How as to this matter of Mr. Haven; did you purchase the Maine Central stock until you had taken the precaution to get the approval of Mr. Haven?

A. I have already testified to that; I talked with Mr. Haven about it a good many times; after I found it necessary to buy this stock, the other directors pressing me hard to do so, I was determined not to do it until Mr. Haven agreed to it.

Q. You were reluctant to do it?

A. I was, but I felt forced to do it. The Maine Central proposed to water its stock, to make 14,000 new shares.

Q. (By the CHAIRMAN.) Mr. Haven was reluctant at first, but at last gave his consent?

A. He always said that he did not like it; that he was not consulted about the first purchase; that he was not allowed to know at the time that it was to be made.

Q. (By Mr. JAMES.) Were you not surprised to have Mr. Cummings talk about so many female passengers travelling on free passes?

A. I had no idea that it was so.

Q. (By Mr. SHATTUCK.) How about your giving passes yourself?

A. I was director three years and a half, and president, and I do not believe that in that time I ever gave one hundred passes, all told; I do not believe I gave sixty.

Q. Did you endeavor to limit the number of free passes issued, as much as you could, consistently with the interests of the road?

A. In my conversation with Mr. Lothrop, we talked the matter all over. He said that he always looked upon it as a bad and vicious system, but he did not know what to do about it. He said that it would not do to cut them off altogether, but that he believed that the road was giving too many. I talked with Mr. Hatch about it, and he reported to me that there were not more than two-thirds as many passes given the first year that I was president, as in the previous year. This large number, these 2,100 annual passes, are sent all over the country and given to officers of other railroads. Some of them are used and some are not. The other passes issued were very largely freight passes.

Q. (By Mr. THOMAS.) Were those passes transferable?

A. No; I think Mr. Cummings himself has had passes for freight; I think the freight agent has told me he has had them.

Q. (By Mr. JAMES.) Did you give Mr. Cummings' partner, Mr. Harrington, a free pass?

A. Mr. Harrington has done a great deal for the road. He is a very peculiar man about such things, and does not care about asking for such favors. In conversation with Mr. Cummings one day, I told him that Mr. Harrington was more worthy of a pass than many others who got passes, and I asked him if he thought that Mr. Harrington would take a pass from him. He said that he did not know, but that if I would make out one he would try it. Mr. Russell said afterwards, that when Mr. Harrington took the pass, he had a ticket in his pocket that he had bought, and he did not use it.

Q. (By Mr. THOMAS.) Did you ever do anything in regard to authorizing the destruction of this depot, in Lynn?

A. No, sir; I do not remember that I did; when that depot was built, there was an iron roof put over it, supported by cast-iron pillars; it was said that some of the pillars were crushed when the roof was being put on, and there was considerable talk among the people of the danger of the roof falling, and the damage it would do if it fell, when the station was taken down.

Q. Never mind about that; you had nothing to do with the purchase of the land?

A. No.

Q. It was a pretty big price they paid for it?

A. It was a horrible price.

Q. Did you have anything to do with the settlement of the sugar-refinery purchase?

A. No; but I thought that was a large price.

Q. (By Mr. JAMES.) What did you pay for that land around the Central depot?

A. My recollection of that is that the road paid \$4,000 out of perhaps \$16,000; persons in the neighborhood paid some.

Q. (By Mr. SHATTUCK.) In making your estimate of what the road will probably do, you took into account the Maine Central road as run in connection with the Eastern?

A. Certainly.

Q. And taking the debt and stock of these roads, if they were consolidated, in your judgment, they would pay the interest?

A. Yes.

Q. Whether or not, you had considered that matter, and discussed it fully?

A. Yes.

Q. In your judgment, if the directors of the road had acted in concert, and none of them had sold out their stock, whether or not that road could have been carried on?

A. There never was any doubt about it.

SAMUEL C. LAWRENCE—*Recalled.*

Q. (By Mr. WILLIAMS.) I want to ask your opinion of the ability of the road to fulfil the conditions of this bill which is now before the legislature?

A. There is a chance that the road will fail to meet the provisions of the bill when the time comes for the payment of the largest rate of interest, six per cent. in gold.

Q. It will go along all right up to that time?

A. Yes. That is, provided that business revives again. If the present depression continues, it would be hard to predict what would be the result.

Q. What is your opinion about meeting the six per cent. interest when it comes? You say that there is a chance of the road not being able to pay it. Do you mean that, if things go reasonably well, they will be able to do it?

A. That is one of the things which it is very difficult for me to determine. I will state that I maintained before the committee of the creditors, that the road would fail to meet the requirements at that time; and at the time I made that statement to the creditors, I so believed, fully. But at the same time, there is a chance that the road may be able to meet the full requirements of the mortgage at that time; and for one, I am anxious and desirous that the road shall have the opportunity.

Q. Is there any chance of being able to realize on enough of the property to facilitate that result?

A. That is one of the hopes which I have.

Q. You have heard the statements, or read the statements of Mr. Wooldredge, as to the probable yield that might be made from that property?

A. I was not present when he made that statement.

Q. Have you read it?

A. I have not.

Q. Mr. Wooldredge states that he thought that, as I remember it, perhaps two or three millions could be raised on property which, at present, is not needed for the uses of the road. Do you think that was extravagant?

A. I thought a fair estimate would be about \$2,000,000.

Q. So that, if you should realize \$2,000,000 out of the property, during the six years, and reduce the debt down to \$13,000,000, and then begin to pay six per cent. interest on \$13,000,000, you think there would be every prospect that the road would meet the demands?

A. There is a chance that the road will be able to do it, and I myself see a fair chance, but, at the same time, there is great doubt about it; the expert said that the road would skin close at that time.

Q. (By the CHAIRMAN.) Have you ever heard of any such plan of arranging as that of placing part of the debt on the stock and part on the income?

A. I have.

Q. What do you think of that plan—say one-half on stock and the other half on the income of the road—as a working machine?

A. That was one of the first plans thought of.

Q. What do you think of it?

A. We gave it up.

Q. The bill was taken from the table to-day, in the Senate, in order that such an amendment might be proposed. I supposed that it could not have been new.

Mr. WILLIAMS. That plan would be something like a man in business, stopping, because he could not pay his debts, and then proposing to his creditors that he be allowed to go on and make his living out of it.

Q. (By the CHAIRMAN.) Was this amendment thoroughly discussed?

A. It was one of the original plans that the directors of the Eastern Railroad first formed, but it was given up as impracticable. The first plan that we had was to place upon the road a mortgage of \$10,000,000 and then issue preferred stock to the extent of \$5,000,000. The next plan was to issue first-mortgage bonds to the extent of \$10,000,000, and then, instead of preferred stock, as proposed before, issue income bonds. It was proposed, then, to give to the creditors 67 per cent. in the mortgage bonds and 33 per cent. in the income bonds, the income bonds to bear interest at a rate not exceeding 4 per cent., and no interest to be paid until the road earned the interest as it went along. We also had the plan to mortgage the entire road for the entire debt. At this time, after we had talked over these plans, and finally came to the conclusion that this last plan was the best and the only one likely to be carried out, I received a letter from Mr. Ward,—Samuel C. Ward,—agent of the Barings. We were endeavoring to perfect the plan, which has since been presented to the legislature, when I received this letter, and had engaged counsel for the purpose. Mr. Ward stated in his letter that he wished to see me. I called on him, and he said that he was desirous that the creditors should be called together. I told him that the directors contemplated calling a meeting of the creditors as soon as this plan was perfected. He said that he could not wait for the perfection of that plan, and that if I did not call a meeting of the creditors, he would. I then issued a notice to such of the creditors as he suggested; he furnished me with a written list, and a meeting was held in State Street. In the meantime, the counsel of the road consulted with Mr. Welch, who had been appointed as counsel for the Barings; and a meeting was held by the counsel of the road and the counsel of the Barings, and Mr. Morrison, the expert, who went over the road in behalf of the Barings, and one or two of the directors, with a view to arranging some kind of a compromise between the creditors and the stockholders, such compromise to be presented to the creditors at their meeting. We endeavored to arrive at some conclusion, but found that the suggestions made by the counsel for the Barings were ultimatums; that there was nothing proposed in the nature of a compromise. The plan proposed by them, was, that a first mortgage for \$9,000,000 should be put upon the road; that bonds should be issued, bearing interest; and that the interest should be cumulative, and be ultimately paid by the road. But we felt that that plan would not be successful. It was proposed, however, to the meeting of the creditors, and the creditors disapproved of it by an almost unanimous vote; the only ones voting in

favor of it being the agent of the Barings, and his counsel. At the meeting of the creditors, a committee was appointed to consult with a committee of three, of the board of directors. The two committees met; and the counsel of the road proposed the plan which is now before the legislature, in its main features. It was suggested, that the opinion of Judge Hoar and Mr. Sidney Bartlett should be obtained, with reference to the constitutionality of such legislation. The opinions were obtained, and this plan was perfected, although some of the features in the plan were not compromises, but ultimatums offered by the Barings. For instance, the matter of interest was one.

Q. (By Mr. THOMAS.) Then this bill was not drawn to suit the views of the stockholders of the road, but because it was the only thing that the Barings would assent to?

Q. The rate of interest did not, but it was the only rate we could agree upon. The committee first agreed upon three, four and six per cent., the three and four per cent. notes to run three years each, and the interest to be paid in currency. The committee adjourned, and we supposed that that was the rate decided upon. The next meeting but one, on coming in a little late, my surprise was great to find that the committee of the creditors had changed their minds, and had established the rates at three and a half, four and a half and six per cent., payable in gold. I asked how the change happened to be made, and I was told that it was at the instigation of the counsel for the Barings. I then went to the counsel for the Barings, and asked if it was so, and he said that the Barings would not accept any other rate. There was then an effort made by the committee of the directors to get the rates reduced from three and a half and four and a half to three and four per cent.

Q. (By the CHAIRMAN.) This committee represented whom?

A. It was a committee of the board of directors, and it represented the stockholders. There was an effort made by this committee to get a reduction of the rates from three and half, four and a half and six per cent. to three, four and six.

Q. The stockholders wanted one rate of interest, the bondholders another; they neither of them had their way; but the stockholders got a concession from the original rate of interest,—six per cent. Therefore, it is a compromise. Does not this bill represent a concession?

A. It does, to the credit of the creditors.

Q. Then, I want to ask, is it not a compromise measure, although the Barings at last did get down to an ultimatum,—what they called an ultimatum? They made a concession; declared it to be as low as they would go, and stood there?

A. I want to state, that, when the committees met, the supposition was that the rate of interest was to be arrived at by some compromise between the two committees; that each committee was to have something to say; but the committee of directors found afterwards that they had nothing to say.

Q. (By Mr. THOMAS.) That is to say, the bondholders insisted, and the stockholders finally consented?

A. Yes; I wish to state, however, that then, as well as since, we were

ready and willing to accept, and did accept readily, and we are desirous of trying the chances with the bill. I do not want to be understood as wishing to say anything to injure the prospects of the bill.

Q. (By the CHAIRMAN.) You discussed this question of a bond resting upon the income of the road, and you gave it up; how came you to give it up? what was the reason?

A. I think the counsel stated that it was not constitutional.

Q. And you would prefer, now, to see no such amendment as that attached to the bill?

A. I certainly should desire not to have it. I think it would be fatal to the bill? It would not be accepted by the creditors. I have had the question asked me, why I made the statement which I did concerning the earnings of the road. I found that it was misunderstood when I estimated the probable income of the coming year. I spoke of net income above operating expenses, not including rents. It is customary with the Eastern Railroad to enter the receipts, and then deduct expenditures, and the difference is called the net income above operating expenses. After that the rents are deducted, leaving the net income above operating expenses and rents. In that way the reports of the railroad commissioners are followed; so, when I spoke of the net income above operating expenses, I did not reckon the rents.

[A.]

Whereas, Tobias Roberts, of Eden, in the county of Hancock, and State of Maine, has this day conveyed to Charles Deering, of Cape Elizabeth, county of Cumberland, and State of Maine, aforesaid, a certain parcel of land, with the buildings and wharf thereon, situated in said Eden, at Bar Harbor, so called, the same being bounded and described as follows:—Beginning at the north-west corner of land of said Roberts, on the line of James Hamor's land, thence southerly by his land to angle on his line, about two hundred and seventy-four (274) feet from high water; thence easterly, by his land, to the private passage-way leading from the town road to the wharf, by the house; thence by said passage-way southerly to a point in front of or opposite the south-west corner of the barn of said Roberts; thence easterly to said barn, and along the southerly side of it, and in the same direction, in a straight course, to a stake standing one hundred and thirty-two feet from the east side of the passage-way; thence north five and one-half ($5\frac{1}{2}^{\circ}$) degrees east, by compass, to an iron bolt in the ledge, two hundred and eight feet; thence north sixty-three degrees (63°) east, one hundred and fifty feet, to a birch-tree standing by the shore of the sea; thence, in the same direction, to low-water mark, and thence by the line of low-water mark to the point of beginning,—together with certain rights, and subject to certain encumbrances, all of which more fully appear in said conveyance of said Roberts, which bears date October first, A. D. 1873. *And, whereas*, in

payment of said property, the said Deering has paid the sum of sixteen thousand five hundred dollars to said Roberts, and has executed and delivered to said Roberts a mortgage of said premises to secure the payment of sixteen thousand five hundred dollars remaining due of the purchase-money due said Roberts, said mortgage bearing date October first, A. D. 1873; and being given upon certain terms and conditions fully expressed therein, and in a certain contract signed by said Deering, also dated October first, A. D. 1873, and referred to in said mortgage.

Now, therefore, I, the said Charles Deering, in consideration of the premises, hereby acknowledge and declare that said premises were purchased by me as the agent of and for the benefit of the Eastern Railroad Company; that the portions of the purchase-money paid by me therefor was furnished by said railroad company, and that I now hold said premises in trust, for said company, its successors and assigns,—they to assume whatever obligations I have entered into, as a part of the consideration for the conveyance of said premises. And I hereby bind myself and my heirs, executors and administrators, to convey said premises to the said Eastern Railroad Company, its successors and assigns, by deed of full covenants of warranty, except as against any encumbrances existing when said premises were conveyed to me, whenever said company may elect to receive such conveyance; upon condition, however, that they, at the same time, assume the payment of, and relieve me from all obligations incurred by me in the purchase of said premises; to wit, all obligations arising under the mortgage and contract above referred to, and upon condition also that they furnish to me the funds required by me, from time to time, to meet the obligations of the mortgage above referred to.

In witness whereof I have hereto set my hand and seal, this twenty-fourth day of October, A. D. 1873.

CHARLES DEERING. [SEAL.]

In presence of ["Company, its successors and assigns," first inserted,]
S. LINCOLN, Jr.

STATE OF MAINE, SS.

Nov. 5. 1873. Personally appeared, Charles Deering, above-named and acknowledged the foregoing instrument to be his free act and deed. Before me,

NATHAN WEBB, *Justice of the Peace.*

[B.]

PORTLAND, May 13, 1874.

CHARLES H. HATCH, Esq.

DEAR SIR:—Yours of the 9th is duly received, and contents noted. The \$5,000 to Mrs. Roberts is a part of the purchase. The purchase was \$33,000.

I paid down (one-half), ...	\$16,500 00
Balance of mortgage is—	
One note of one year of	3,000 00
One note of two years of	8,500 00
Obligation to Mrs. Roberts when she deeded her dower to me to be paid, ...	5,000 00
	\$33,000 00

So you see I kept back \$5,000 on account of Mr. Roberts' wife not signing the deed, which she is now ready to do, and I gave her an obligation to that effect.

Truly yours, etc.,

CHARLES DEERING.

[C.]

SALES.

Eastern Railroad Stock.

1874.		1875.	
Nov. 18, ...	54	May 21, ...	60½
Dec. 7, ...	52	July 9, ...	58½
11, ...	54½	24, ...	62½
15, ...	57	Aug. 2, ...	60½
18, ...	54	31, ...	55½
28, ...	52	Sept. 1, ...	49½
31, ...	54½	13, ...	42½
1875.		15, ...	33½
Jan. 15, ...	53½	16, ...	37½
23, ...	55½	23, ...	30
26, ...	57½	27, ...	21½
29, ...	56	29, ...	29½
Feb. 1, ...	58	Oct. 7, ...	22
5, ...	56	22, ...	15½
19, ...	58	29, ...	21
24, ...	61	Nov. 23, ...	14½
27, ...	58	30, ...	10½
Mar. 9, ...	57½	Dec. 13, ...	8½
13, ...	58½	16, ...	12½
25, ...	60½	20, ...	9
April 1, ...	58½	1876.	
22, ...	60	Jan. 11, ...	14½
24, ...	63	Feb. 15, ...	10
27, ...	65½	Mar. 6, ...	11½
May 7, ...	63½	16, ...	10½

Eastern Railroad Bonds.

1874.				1875.			
Oct. 5,	Eastern	7,	93½	Oct. 8,	Eastern S. F.,	72½	
Nov. 5,	"	7,	91½	11,	"	70	
Dec. 22,	"	7,	90	16,	"	66	
1873.				25,	" 7,	64½	
Jan. 22,	"	7,	89¼	28,	" S. F.,	69	
Feb. 2,	"	7,	90	29,	"	66	
4,	"	7,	91½	30,	"	69	
24,	"	7,	93½	Nov. 13,	" 7,	65	
Mar. 2,	" S. F.,	92½		19,	" S. F.,	59	
April 2,	"	7,	91	22,	"	56	
May 5,	"	7,	91½	24,	" 7,	52	
5,	" S. F.,	92½		26,	" 7,	52½	
15,	"	"	91	26,	" S. F.,	54	
June 1,	"	"	91½	30,	"	56	
8,	"	"	91½	Dec. 16,	" 7,	53½	
8,	"	7,	90½	21,	" 7,	55	
July 3,	"	7,	91½	23,	" 1887, 7,	52	
9,	"	7,	90	23,	" S. F.,	56½	
13,	" S. F.,	91½		30,	"	50	
13,	"	7,	89¼	1876.			
Aug. 19,	" S. F.,	90		Jan. 4,	" S. F.,	48	
Sept. 15,	"	7,	87	4,	" 7,	47	
16,	"	7,	85	10,	" 7,	57	
20,	"	7,	75	12,	" S. F.,	57	
21,	" S. F.,	80		25,	" 7,	50	
23,	"	"	77½	Feb. 3,	" S. F.,	50½	
23,	"	7,	75	5,	" 7,	49½	
24,	" S. F.,	75½		14,	" 7,	50	
27,	"	7,	70½	14,	" S. F.,	51	
29,	" S. F.,	72		17,	" 7,	51	
Sept. 30,	"	"	75	19,	" 7,	53	
30,	"	7,	74	Mar. 1,	" S. F.,	55	
Oct. 1,	"	7,	71½	10,	" 7,	53	
1,	" S. F.,	71		14,	" S. F.,	50	
2,	"	"	74				

By Brewster, Sweet & Co.—New Stock, Eastern Railroad.

[Sold by Henshaw.]

Dec. 18, 1872, @ 101, 2,000 shares, B. S. & Co. bot. 805.

Jan. 8, 1873, @ 102, 2,000 " bot. by Johnson.

July 23, 1873, @ 102½, 2,000 " B. S. & Co. bot. 250.

Aug. or Sept., 1873, @ 102½, 2,000 shares, bot. by Jones.

Great Falls & Conway bonds sold on account of Eastern Railroad:

From March 11, 1873, to Sept. 4, 1873, \$45,000.

These bonds were sold at par, and we had one-half of one per cent. commissions from the Eastern Railroad, and we paid for advertising the same.

[D.]

FUNDED DEBT LOAN OF THE EASTERN RAILROAD COMPANY OF MASSACHUSETTS.

Directors.—Hon. Samuel Hooper, of Boston; Franklin Haven, of Boston; President Merchants' National Bank; John Cummings, of Boston, President Shawmut National Bank; James W. Johnson, of Enfield, N. H.; Hon. Frank Jones, of Portsmouth, N. H.; John Wooldredge, of Lynn, Mass., President First National Bank; Benjamin E. Bates, of Boston, President National Bank of Commerce; Hon. Henry L. Williams, of Salem, Mass.; General Samuel C. Lawrence, of Medford, Mass.

Official Statement of the Company.

The Eastern Railroad Company, with its main stem from Boston, Mass., to Portland, Me., now operates 286 miles of road, of which 40 miles have a double track, and 68 miles are laid with steel rails, and the entire line, including bridges and stations, is now in a better condition than it has ever been before in its history.

The equipment has been increased fully 100 per cent. during the past few years, and is now ample, and of a superior order.

The great advantages of the extensive freight-houses and grounds recently acquired and improved, with the wharves for ocean shipment, are not excelled by any railroad radiating from the city of Boston.

The relations now established with competing and connecting roads are harmonious, and such as tend to check the competition which, in past years has prevailed as to a portion of the business of the road.

Since the road was opened to Salem, in 1838, it has not failed to earn an annual income over and above all interest and operating expenses, and has returned to its original shareholders more than 200 per cent. in cash dividends.

The annual statement of the business of the road, for the fiscal year ending November 30, 1874, shows a net income of \$1,078,922.24; more than sufficient to pay all interest, tax and rental charges by \$396,874.56, which is the surplus for the year; and after charging off certain extraordinary expenses of previous years, a balance of \$252,327.41 is carried forward to the credit of the surplus income account.

The earnings of the road, since October 1, 1874, when the new terminal freight-grounds became available, have shown a much larger increase than previously, over the corresponding months of the preceding year, so that with a continuance of these conditions, and the floating debt funded, the surplus income for the current year will place the company in a position to resume its regular dividends, now deferred for the three periods since the beginning of 1874.

The debt of the company, including the funded debt 7 per cent. loan, is now provided for at an average rate of $6\frac{1}{2}$ per cent. per annum, considering 6 per cent. sterling equivalent to 7 per cent. currency.

For the extinguishment of the entire floating debt of the company, which was created by the purchase of the extensive property in Charlestown, terminal freight facilities, and by the heavy expenditure requisite to transact with economy and safety the rapidly increasing business of the road, the directors of the Eastern Railroad Company, being duly empowered thereto, have authorized the issue and sale of a funded debt loan of \$2,000,000, paya-

ble on the first day of November, 1884, with interest at seven per cent. per annum, payable on the first day of May and November, at the agency of the company in New York, or in Boston, when notified five days prior to maturity.

For the greater safety of the holders, the loan will be issued in amounts of \$1,000 each, with a form for the registration of principal and interest if desired, and providing for successive registrations and transfers to bearer at the option of the holders.

Provision for a sinking fund for this loan has been established for the redemption at par of one per cent. of this issue for the first year, increasing annually thereafter by one-half of one per cent. of the amount issued, such amounts to be applied to the payment of such numbers as may be designated by a public drawing in Boston on the first day of April of each year. In case any of the numbers drawn are not presented for payment within three months, it is provided that an equal amount of the same issue shall be purchased by the company and cancelled whenever the same can be obtained at not exceeding par and interest.

The franchise and all the property of the company is entirely free from mortgage encumbrance made by the corporation, and by the laws of the Commonwealth it is expressly provided that all indebtedness of the company must be included and equally covered and protected by a first mortgage, should any such lien ever be subsequently created.

By the unanimous vote of the stockholders ratifying and confirming the action of the directors, the total amount of bonds and coupon-notes of the company, issued and to be issued, shall not exceed in all the sum of twelve and one-half millions of dollars.

The total funded debt of the company, including the present loan, is \$11,430,200; the capital stock outstanding is \$4,997,000, with authority to increase the same to \$8,310,000.

JOHN WOOLDREDGE,

President of the Eastern Railroad Company.

Messrs. Richardson, Hill & Co., of Boston, are authorized by the Eastern Railroad Company to offer the above-described loan for sale, and to receive sealed proposals until Monday, the first day of March next, at noon, to purchase any part of the same, reserving a minimum price of ninety per cent. and accrued interest, below which no offers will be accepted.

The awards will be first made to the highest bidders, and in case of applications exceeding the amount offered, the remainder of such first sales will be distributed pro rata to the next highest and equal bids.

Tenders should be marked, "Proposals for Eastern Railroad Funded Debt Loan"; they will be publicly opened on Monday, the first day of March next, at noon, and the allotments made as soon thereafter as possible.

The engraved scrip will be ready for delivery about the 15th of March, when payments are to be made, prior to which date deliveries will be made to such purchasers as desire, by the transferable receipts of the company.

Parties who desire may defer payment for one-half their purchase until any time previous to the first of May next, with adjustment of interest to date of payment.

Bids will be received, and further information furnished, by

RICHARDSON, HILL & Co., 1 Simmons' Building, Boston.

WINSLOW, LANIER & Co., 27 Pine Street, New York.

MORTON, BLISS & Co., Drexel Building, New York.

Boston, February 17, 1875.

Received, Boston, February 10, 1875, of the Eastern Railroad Company, three notes for ten thousand dollars each (\$10,000), dated February 3d, 6th and 10th, 1875, payable in six months from date; and if the said company, after the annual meeting of the Maine Central Railroad Company, upon thirty days' notice in writing from me, shall give me their notes for the sum of one hundred thousand dollars (\$100,000), with interest at the rate of seven per cent. per annum, payable in two years from February 5, 1875, then I hereby agree to transfer nineteen hundred and thirty-seven shares (1,937) of the capital stock of the Maine Central Railroad Company to such person as the said Eastern Railroad Company, by its president, shall direct; and in the meantime, the whole number of shares (1,937) shall be under the sole direction of the said Eastern Railroad Company, and be used as they may direct at any meeting of the stockholders of the Maine Central Railroad Company for the election of directors.

The meaning and intent of the above arrangement is, in the event of the Eastern Railroad controlling the Maine Central Railroad annual election, Mr. Cook's stock is to be taken in accordance with the agreement of January 11, 1875.

(Signed)

J. P. COOK.

Approved: J. WOOLDREDGE.

J. W. JOHNSON.

FRANK JONES.

STATEMENT OF GEORGE RUSSELL, GENERAL TICKET AGENT, IN RELATION
TO THE TICKET SYSTEM, IN USE ON THE EASTERN RAILROAD.

EASTERN RAILROAD OFFICE, }
BOSTON, March 20, 1876. }

Description of the Ticket System in use on the Eastern Railroad: Of tickets sold at station offices.—All tickets are consecutively numbered, and sold in in order of the numbers, there being a special series of numbers for each kind of tickets from each station.

All local tickets on sale the year round have fixed colors and forms, which are not changed when the supply is renewed; that is, all tickets to a station are printed on stock of the same color or colors. The advantages of this arrangement are: It helps the conductors, when hurrying, to know where passengers are bound; helps all who handle the tickets from the time they are printed till destroyed, and prevents many mistakes. We get regular local tickets of George Bailey, Buffalo, N. Y., and nearly all other kinds of Rand, Avery & Co., Boston. When ordering of the printer, we state the station to be sold at, and destination; the form, commencing number and quantity wanted, the number of the color, etc. A copy of each order is kept in a book, in which is also entered the time each kind is received, the time the bill for printing is rendered, and the amount of same. From this order-book we enter on the ticket stock ledger, the closing number of each kind received, and the month and year; the difference between any two of such entries is the number of tickets received at and between the specified dates. Ticket sellers order what are needed, each sending not more than one order to the general ticket office, each month, and that near the last of the month, so that the monthly reports being made soon after, are receipts for all that are sent.

Ticket sellers give the highest number on hand, of each kind wanted, and care is taken to see that the next higher numbers are sent when filling the orders. Each month, when the time during which sellers are to order, has expired, the requisitions received are fastened together in the order of the stations, and the commencing and closing numbers of each kind of tickets sent, entered in a common journal. From this journal the sellers' report of tickets received is checked each month. Every three or four months the closing numbers of each kind of tickets sent ticket sellers is entered in the ticket stock ledger, opposite the closing numbers received from the printers; the precaution being always taken to see that the numbers sent are not duplicates of others previously sent, and that they are next in progressive order. The difference between the closing numbers received, and the closing numbers sent out, is the number of tickets in the general office. Ticket sellers report the closing numbers received to the commencing and closing numbers of sales, the number of tickets sold, the prices and amount, each month. The numbers are to be carried forward at the general office, from one month to another, so that the closing numbers of sales of one month are the commencing numbers for the next. When the sellers' reports are received, only their closing numbers of sales are to be copied on the general office book to make up the account; the number of tickets sold, and the amount due for same, being found by making the account on the general office book, instead of copying from the reports. If the reports do not agree with the book, notice of errors that may be found is sent to those who made them.

A division-sheet is given the treasurer, or his book-keeper, showing the amounts to be charged each ticket seller, and the proportions of the Eastern Railroad and divisions, and connecting lines.

All tickets sold over connecting or foreign lines are numbered, and the numbers sold each month are reported from the general office, to the general ticket agents of such lines.

Reports of tickets sold by connecting or foreign companies are entered on what is called a collections' book, and the numbers of such tickets as have not come in at the time of entry are put down as missing, to be crossed off when they do come in. In this way duplicates are sure to be discovered, and if higher numbers than are reported are collected, the company issuing them is notified to correct the error in the next report.

Regular local tickets have not until recently been regularly counted, after being used on the trains, for the reason that there was neither help enough to do so much work, nor room to distribute and keep separate so many kinds of tickets. Of course, if perfect imitations of tickets are printed and used, a man would not discover the fraud at once, by merely assorting and looking over the tickets as brought in by conductors; but many circumstances would prevent an extensive use of counterfeit tickets, such as the difficulty the counterfeiters would experience in keeping posted as to the kind of stock, style of printing, exact shades of colors, numbers on sale, series of numbers, changes, etc.; also the *fac simile* of the signature of the general ticket agent is an obstacle. It has been suggested that all these obstacles might be overcome, but the risk has not been thought great enough to justify the expense necessary to guard against the possibility. Since December last, a room has been fitted up, and three persons employed, to separate and count all local tickets taken by conductors, and report the number of each kind, and the highest number taken each month, for comparison with the reports of ticket sellers, and the general office books. This does not give complete security, as hundreds of tickets sold never come back to the office, being lost

or partly used, and then destroyed by the purchasers. It does, however, enable the general ticket agent to see whether or no more tickets have been collected than sold, or higher numbers than reported; though spurious tickets of low numbers might be undiscovered, because there are so many of the genuine which never come in. The only satisfactory way is to treat the locals as we do the foreigners, enter the missing numbers each month, and cross them off when taken; but this is work requiring a great deal of careful assorting and writing, as the tickets have to be placed in numbered order, and there are thousands of kinds.

List of Books and Blanks used.

Order Book.

Books showing tickets received from printers and sent agents.

Books showing tickets sent agents each month.

Blanks on which agents report sales and tickets received.

Book on which local ticket sales are entered.

Book on which foreign ticket sales are entered.

Book on which special ticket sales are entered.

Division sheets.

Book in which collections of foreign tickets are entered.

Books in which collections of local tickets are entered.

Blanks for reporting to connecting lines.

EASTERN RAILROAD COMPANY PASSENGER DEPARTMENT, }
 BOSTON, March 27, 1876. }

C. S. OSGOOD, Esq.

DEAR SIR:—It has occurred to me that in my testimony does not appear the fact, that our new system of tickets went into operation in 1872, and that when I spoke of the new system being superior to the *old*, by the old I intended to convey the idea the one that was abolished in 1872. The only change made in 1875 was the assorting of the tickets.

Very truly yours,

GEO. RUSSELL.

SALEM, March 27, 1876.

DEAR SIR:—By the printed statement of my evidence before the Committee on Railways, last week, I noticed a few errors in my testimony as printed. One is on page 335 of the Appendix, and another on page 345. In one case I say, "The net income of the road would be \$800,000"; the question then came, "Above rentals?" answer, "Yes." That is a mistake, and I wish to correct it, if I did so give it. It should have been less the rentals; or, in other words, \$800,000, rentals to be deducted; which was our usual manner of stating receipts and expenditures of the road.

First gross receipts, then deduct operating expenditures, the balance is the net receipts; then deduct the rentals, and the balance is available for interest or dividends.

The other case is in regard to Manchester lands. The report makes me say

there were 300 to 400 acres of land, worth \$10,000, and the balance \$40,000 to \$50,000; whereas I testified that fifty acres were worth \$300 to \$400 per acre, and the balance was worth \$10 per acre. I didn't see these statements (printed) until after the hearing had closed, or I should have asked to correct them. Will you please allow these corrections, and oblige,

Your obedient servant,

HENRY L. WILLIAMS.

HON. SETH J. THOMAS, Boston.

ARGUMENT OF MR. GEORGE O. SHATTUCK, FOR MR. JOHN WOOL-
DREDGE, FORMER PRESIDENT OF THE EASTERN RAILROAD CO.

Mr. Chairman and Gentlemen:

You have been appointed to investigate the affairs of the Eastern Railroad Company. You have been fortunately relieved from the details by the patience and industry with which Mr. Lawrence, the president of the road, and his associates on the committee of the new administration have examined the accounts and vouchers. And their investigation has been made under such circumstances that you have the assurance that nothing which can be said against Mr. John Wooldredge, my client, has been either extenuated or concealed. The record is here, and he is ready to stand by it. From the day when he entered upon the duties of his office as president, in February, 1874, until he resigned it, broken down in health, in October, 1875, he devoted his whole time and strength, in the hours of business and out of them, with a single eye to the interests of this road. He may not have mastered all its details; he may not have carried through all the reforms which he undertook; but it was simply beyond the measure of the capacity of any one man during that period.

Before proceeding to the consideration of details, I wish to state, in general, what I consider the measure of his responsibility. Mr. Wooldredge was a director for two years from February, 1872, and he is therefore, with his co-directors, in a measure responsible for the general policy of the road during that time. From that responsibility he does not shrink. It is unwise to attempt to charge directors of a corporation like this with responsibility for the multitude of transactions which must occur in the course of business, and which do not come to their knowledge. A director has no compensation for his services. He has no right, directly or indirectly, to make any profit out of his connection with the road. They are selected from the men who are most occupied with their private business, because such men are most competent

to advise as to the affairs of others. And any attempt to charge them unduly with the responsibility for details which they cannot master, simply deters the very men that the community is most in need of from accepting those positions. A director is undoubtedly responsible with his associates for the general policy of his corporation. He is also responsible for such facts as are brought to his knowledge and which he approves.

As president Mr. Wooldredge was responsible for the general management; but even that officer cannot have knowledge of all the details of the book-keeping or running of the road. The duties must be divided. Mr. Wooldredge had a heavy burden—a great financial load—to carry, and it was utterly impossible for him, with this, to master all the details of the business. But just so far as it was practicable for him to have knowledge and control, just so far the responsibility falls upon him, and he has no disposition to deny or limit it.

I propose to call attention, first, to the general policy under Mr. Lothrop's administration in 1872 and 1873. Although there appears to have been extravagance in the execution of plans, I have no doubt a careful investigation will show that Mr. Lothrop's general policy was wise and necessary for the Eastern Railroad Company. We must first understand the difficulties of his position. When Mr. Lothrop took charge of the road in 1872, unless the road could stop the competition with the Boston & Maine, or secure business from beyond its line, its stock was only of prospective value. Before that time, in 1871, the Eastern Railroad had incurred a debt for the Conway road of \$1,500,000. They had lost directly over \$600,000 by the Revere accident, and the public demanded, in consequence of that, such accommodations and provisions for safety, that they spent about \$2,300,000. They provided new and improved equipment for the main road and the branch roads, renewed their road-bed, put down steel rails, and made other provisions for their safety, at an expense of over two millions. These expenses were not all incurred, but were made necessary before Mr. Lothrop became president. The Portsmouth & Saco Railroad, to which they had paid an annual rental of \$45,000, had broken its lease, and by pitting the Boston & Maine against the Eastern, had forced the Eastern Railroad, in 1871, to take a lease which cost them \$150,000 a year, besides an outlay of about \$500,000 in addition. The liability on account of the Portsmouth, Saco & Portland, added about \$140,000 to the annual payments; \$300,000 had been sunk on the Lynn depot before Mr. Lothrop's administration. Now, if you will add up their liabilities for the Conway Railroad, the loss from the Revere disaster, the extraordinary repairs of

the road and equipment, the liability on the Portsmouth & Saco lease, you will find that these amount to an annual claim on the company of about \$450,000, and absorbed every dollar of all the net earnings the Eastern Railroad had from its regular business; and unless they could stop competition, or stretch out beyond the main line and bring other business upon the road, the Eastern Railroad was then practically insolvent. The net income of 1871 was less than \$400,000. The competition with the Boston & Maine Railroad has cost these two roads ten millions of dollars. The Boston & Maine, apparently, from this cause alone, has carried up its capital and debt from \$5,000,000 to \$10,500,000, while increasing its earnings less than twenty per cent. The railroad commissioners, in their report of 1871, called attention to some of these facts, and said that there was only one solution, and that was consolidation of the two roads. It is utterly impossible, Mr. Chairman, as these roads are located, to patch up any agreement which can be permanent, unless you reconstruct human nature. Here are 1,200 miles, or 1,600 miles of railroad beyond Portland bringing business to these two roads. The purpose in all contracts to prevent competition has been to allow this business to take its own course, and come over either road. The result was, as Mr. Ward has told you, that before Mr. Lothrop's time, four-fifths of all the passengers and freight went over the Boston & Maine Railroad. By Mr. Lothrop's management, four-fifths of the passengers and freight was brought over the Eastern Railroad. If you will go down to the offices of the Boston & Maine and Eastern roads you will find the controversy going on still as in the past, in spite of the existing contract. When Mr. Lothrop became president, he with his directors saw for this only one remedy. The first step on their part was to come before your predecessors and ask for the act of consolidation which I hold in my hand.

On May 4, 1872, Mr. Lothrop urged it in an earnest and forcible argument, and the committee reported in its favor. They did not ask for consolidation upon equal terms, but upon such terms as commissioners, to be appointed by the supreme court, should say were just. If that bill had been passed, and acted upon, ten millions of dollars would have been saved. It was Mr. Lothrop's first effort, and its wisdom is justified. The Boston & Maine Railroad Company opposed the act, and it did not pass. The Boston & Maine went on and extended its road to Portland, and added to its annual liability over \$300,000; while the Eastern to-day has an extension to Portland at a cost of not over \$125,000 a year.

Having failed in his first plan, Mr. Lothrop and his directors saw the same difficulties with the Maine Central, a road extending

beyond Portland to Bangor, that they had previously encountered with the Portland, Saco & Portsmouth Railroad on this side of Portland. The Maine Central had, in 1871, played the Boston & Maine against the Eastern, until finally they had forced a contract with the Eastern which was utterly ruinous to that road. What should Mr. Lothrop do? Should he allow his road to be ruined by this competition? He determined to consolidate the Eastern and Maine Central, and the best investment which Mr. Lothrop made was the purchase of the Maine Central stock, with a view to consolidation. Such consolidation was in accordance with the general policy of this Commonwealth. There is no man connected with the Eastern Railroad to-day, whose opinion has been asked, who has estimated the value of this stock to the Eastern Railroad at less than par. The purchase of this stock placed the friends of the Eastern Railroad all along the line of the Maine Central road, and turned four-fifths of the business from these three hundred and sixty miles over the Eastern Railroad. This purchase was made before the act took effect forbidding such purchases, and was, in the judgment of Mr. Lothrop, authorized by law.

I now come to the purchasing of the land in Charlestown. From the statements of the treasurer, it appears that the Eastern Railroad Company, in 1873 and 1874, paid the Boston & Lowell Railroad, for freight facilities, in a year and five months, \$58,304.94, and were doing the business at a very great disadvantage. It had outgrown the accommodations in East Boston, and it was absolutely necessary to have freight facilities in Boston. One plan was to purchase the Marginal Freight Railroad; but they failed in that, for what reason it is not worth while to consider. Finally, they decided to locate in Charlestown. Mr. Lothrop came to the legislature, and asked for authority to take lands in Charlestown; and the legislature inserted a provision in the bill, that if he took any part of a parcel of land he must, at the election of the owner, take the whole. He bought large lots of land to avoid heavy damages, and was compelled, under the act, to take very much more land than he wanted or needed. It may be suggested that Mr. Lothrop ought not to have gone on under the act. But there was then—in 1872 and 1873—every reason to suppose that the surplus land could be easily sold. The panic and long depression in business makes this purchase appear unwise. If land in Charlestown had advanced because business was carried there, the purchase would have been approved. It seems to me that the plans of Mr. Lothrop, and the execution of them, showed courage, energy and sagacity. But as we look back from this time of depression, there appears to have been a lack of economy in details, and a larger expenditure than was necessary.

But no president ever endeavored to perform more faithfully his duties to the public. The railroad commissioners say: "So far as the public were concerned, the improvement then introduced into the operation of the road was most marked and gratifying. A disposition was shown to afford every possible accommodation, and to secure the utmost degree of safety; improvements and safe-guards were rapidly introduced; the road-bed and rolling-stock were improved, and the train service was perfected." The only acts originated during Mr. Lothrop's administration, involving any considerable expense, were the purchase of the Maine Central stock and the land in Charlestown; all other large liabilities were incurred or made necessary before he came in. I have said all that I care to say with reference to the management of the road before Mr. Wooldredge became president. I have examined only the general policy, because, for that only is Mr. Wooldredge in any way responsible.

Of Mr. Wooldredge's management as president, it hardly seems to me necessary to comment. Mr. Wooldredge, although not familiar with railroads, having had no experience when he became director, had a reputation for financial ability and integrity which had been established by a business life in Lynn and Boston of more than thirty years. He had built up a business which would compare favorably with the best in his branch of manufacturing in the Commonwealth. The Eastern Railroad was in great financial difficulty; Mr. Lothrop had left it, broken down in health; Mr. Hooper—who had a large interest in the road, covering more than half a million of dollars—thought Mr. Wooldredge the best man to carry the road through its difficulty, and he asked him to become its president. Mr. Wooldredge at first declined, but, after much urging, he accepted. But he told the directors that, if he took it, he should charge them \$20,000 a year, because he could not afford to give up his business, and take it at a lower compensation. They elected him. He devoted his whole time, early and late, to the management of the road. He did not succeed in making it perfect. As I said, he was elected rather for his financial ability. He was the president of a bank,—a successful man of business. He attempted at once to introduce the economy of his factory into the business of the road. His first step was, according to the testimony of Mr. Parker, to reduce the expenses of the road from ten to fifteen thousand dollars a month. He found a system of book-keeping which he thought unsatisfactory. Not being an expert in book-keeping himself, he called to his aid Mr. B. F. Stevens, who was an expert, and, after consultation, he returned to the simpler method of the former treasurer, Mr. Parker.

He reduced the number of free passes one-third. Mr. Wooldredge never signed fifty free passes during the whole time of his presidency. All the purchases, Mr. Parker states, were made with economy; and no man has produced here a single instance of a purchase made by Mr. Wooldredge, or with which he had any connection, where there was any want of care or economy in making the bargain. No one has alleged that any enterprise was undertaken by Mr. Wooldredge which was not wise. In the long catalogue of the losses which this road has suffered, no one is enumerated which occurred while he was president.

The only charge that is made here, is, that the road did not receive enough for the sinking-fund notes,—the two million sold to Richardson, Hill & Co. But Mr. Haven, who has not shown any disposition to take the part of Mr. Wooldredge in this matter, and who is not destitute of financial experience or ability, says that he had made every effort to sell the notes before they were sold by Mr. Wooldredge, going to his friends in Boston, large capitalists, and he found it impossible to sell those notes at above 80, and Mr. Wooldredge succeeded in selling them at 85. Mr. Wooldredge said he went to New York and spent two weeks there in fruitless efforts to negotiate a sale, and could find no one to offer more than 80; that he finally made this bargain with Richardson, Hill & Co., because they offered the highest price. Nobody denies that he made every effort to make the best possible bargain for the road. There is no evidence that anybody would have given more. It must be considered that Mr. Wooldredge saw that unless something was done the failure of the road was inevitable.

It is elsewhere charged against Mr. Wooldredge, that after failure was inevitable, he did not realize it. It is easy to be wise and talk wisely after the fact. But Mr. Wooldredge was justified in believing that he could carry the road on without any loss to the bondholders, and without failure. We are now in a period of depression, unequalled within the memory of any man living, and it may not be possible for me or for you or anybody to stand in the shoes of Mr. Wooldredge as he stood at that time, so as to appreciate his position. Mr. Wooldredge only asks you to vindicate his integrity. He can afford to wait for time to vindicate his judgment and sagacity, and he will wait with full confidence. But if you will endeavor to place yourselves in his position, you will see that his anticipations were reasonable, and if men,—or one man,—acting from impulse and passion, had not thwarted his schemes, the Eastern Railroad would have been in good credit to-day.

Now, what were the facts on which he relied? The Eastern Railroad, for the last twenty years, to 1874, inclusive, had made an

average annual gain of seven per cent. In 1874, the gross earnings of the road were \$3,059,933,—three millions and fifty-nine thousand nine hundred and thirty-three dollars! They had made a connection with the Maine Central Railroad, which, that year, had brought them in a vast amount of business. In 1874 the new freight-house and yard in Charlestown, opened near the end of that year, was packed with lumber and other products of Maine. The earnings for the last two months of the year were about \$100,000 net more than those months of the preceding year. While the interest-bearing debt of the Eastern Railroad is, or was, about \$14,500,000, they had assets worth \$2,000,000 not needed for the road, besides the Maine Central stock. They intended to sell these to reduce the debt. If you add \$175,000—the rents for which the Eastern Railroad Company was liable—to the interest, at seven per cent. on \$12,500,000, it gives you about \$1,050,000 a year to pay. If general business had not fallen off, but had increased half as much as it had, on the average, for ten years, up to 1874, the gross earnings for 1876 would have been \$3,300,000, and the net earnings, at thirty per cent., would have been \$990,000. If the Maine Central had earned six per cent., as it did in 1874, the 15,274 shares would have added \$91,644, and the whole net income would have been \$1,081,000. If the debt had been reduced by the sale of surplus assets, there would have been no deficiency.

The whole receipts of the road—the gross receipts for 1876—are estimated at less by twenty per cent. than those for 1874; less by thirty per cent. than they would have been if the average annual gain had been kept up; and the net receipts have fallen off in a larger proportion, because, in these times, freight declines with prices. Probably there is no State in the Union which feels the depression of to-day as severely as does the State of Maine. It largely depends upon the sale of lumber. Lumber, to-day, does not bring enough, in Boston, to pay for the cutting and hauling, and the passenger and freight business of Maine has fallen off more than that of any other State. But if you will take the connections the Eastern Railroad had formed, and the control of business it had gained, taking the business of 1874 or that of any ordinary times as a test, the Eastern Railroad was financially stronger on the day Mr. Wooldredge left it, than on the day Mr. Lothrop took it. If Mr. Wooldredge's scheme had not been frustrated, through the folly of one man, there would have been confidence in the road to-day, although the deficit of this year must have undoubtedly added to the interest-bearing debt.

I now come to a charge affecting the honor of Mr. Wooldredge and one or two other persons, based wholly upon the recollection of

Mr. Franklin Haven. The charge is, that a vote recorded on the book of the directors is wholly or partially "surreptitious." I need only state the evidence.

The record of the vote is as follows :—

"BOSTON, May 10, 1875.

"A meeting of the directors was holden this day, at their office, No. 28 State Street; all of the directors present, except Messrs. Jones and Johnson.

"On motion of Mr. Williams, seconded by Mr. Hooper, it was voted, that this board hereby ratifies and approves the action heretofore taken by the finance committee, in procuring the purchase and control of the stock in the Maine Central Railroad Company, for the benefit of this corporation.

"On motion of Mr. Williams, seconded by Mr. Haven, it was voted, that the president be and he is hereby authorized to execute the contract with the Portland & Ogdensburg Railroad."

The original vote is in the handwriting of William G. Russell, Esq., counsel for the road, and was drawn at the time. Mr. John B. Parker, the treasurer and sworn clerk of the road, was present at the meeting, and recorded the vote, and testifies that it passed. Gen. S. C. Lawrence, now president of the road, was present at the meeting, and testifies as follows :—

"Q. Do you consider that the record of the meeting at which the vote in regard to Maine Central stock was adopted is correct? do you view it so?

"A. *I know it is so.*

"Q. That it is a fair record?

"A. Yes."

He also stated in substance that his attention was called to the vote by the fact that, having recently become a director of the road, he had only heard that morning of the purchase of the stock. He recollected Mr. Wooldredge's reading it from a slip of paper, and handing it to Mr. Williams, who made the motion, Mr. N. Hooper seconding it.

Mr. H. L. Williams says that when first spoken to in October, 1875, by Mr. Haven, he did not recall the vote, but that he has thought of it repeatedly since, and now says: "I think there was a vote offered—but at what time, I do not remember—that was drawn in the handwriting of William G. Russell, and when I saw the record and the vote, I was perfectly satisfied in my own mind that I did offer the vote, because I have been associated with Mr. Parker for fifteen years, and I never knew him to falsify a record."

He also stated that, except from this fact, he could not say whether he offered the vote or not. Mr. N. Hooper, who was for a short time a director, and attended only three meetings, testifies that he has no recollection whether the vote was offered or not; but that, "if such a vote was offered, and I was requested to second it, I have done so, but it made no impression on my mind." Mr. Wooldredge swears that the vote was passed as recorded.

The only basis for Mr. Franklin Haven's charge is his own testimony. His attention was not called to the subject till October, 1875, five months after the vote. He then denied that any vote of the kind was passed. He now testifies:—

"I was present at the meeting; my seat was next the president's, upon his right, so that I could distinctly hear everything that was said by him or by any one else; and at that meeting, the president said that shares of the Maine Central Railroad, heretofore purchased, should be ratified and approved,—something short, not more than a mere reference to the shares of the Maine Central Railroad. There was no vote read at that meeting, either by the president or any member; there was no discussion at that meeting; no question was put; not a word was said, and the vote—if it was a vote—that was taken, was passed *sub silentio*. I did not vote."

It is not necessary to discuss this evidence. On one side, Mr. Haven can only say he does not remember; on the other, we have the positive recollection and testimony of four men of unquestioned reputation, and the record, and the original vote. It is also significant that after Mr. Haven had testified positively that at the outset he knew nothing of the purchase of the Maine Central stock, the following paper was discovered on the files of the Eastern Railroad Company, the genuineness of which Mr. Haven could not deny:—

"BOSTON, February 11, 1873. We hereby approve the loan made by the treasurer to the trustee of thirty thousand dollars, in conformity with the agreement of G. L. Ward and others.

"T. K. LOTHROP,

"FRANKLIN HAVEN,

"Committee of Finance E. R. R.

As the first payment for Maine Central stock was made February 11, 1873, and to G. L. Ward and others, and was made by lending \$30,000 to a trustee, who was to hold the stock, this paper was supposed to connect Mr. Haven with the transaction. But Mr. Haven's recollection is, that he signed that remarkable paper without knowing what it meant.

My client, Mr. Wooldredge, may have his faults; but I hope he will always have courage to stand by his record.

I now come to some transactions which I should prefer to omit, if they had not been so fatal to the credit of the company. Mr. Wooldredge had invited Mr. John Cummings, whom he had known a long time,—not quite as well as he knows him now,—to come in as a director. They were friendly; Mr. Cummings accepted, and he bought stock and about \$80,000 in bonds. He had the same views that Mr. Lothrop and Mr. Wooldredge had, respecting the destructive nature of the competition with the Boston & Maine. He, with a single director of the Boston & Maine, made a memorandum of an agreement to stop competition. He brought the agreement to the meeting of the directors, and insisted that it should be ratified at once at that meeting. The other directors looked it over, and all told him there were objections to it which experience had proved to be fatal. Mr. Cummings now admits that the agreement was defective, but he had provided that it should be approved within ten days, or be void. They postponed the consideration of it. Mr. Cummings regarded it a personal disrespect, and, to express his feelings, he turned his chair and sat with his back to the board, and indulged in language which I will not call profane, but which was certainly emphatic. I will take the language of one of the directors. "He" (Mr. Cummings) "said he would sell all his stock and bonds immediately. When he said that, I asked him, 'What is the trouble, Mr. Cummings? I don't understand the occasion for your feeling.' And he said he had promised the directors of the Boston & Maine Railroad that this contract should be adopted by our board, and he was disappointed, and should sell his stock. I said to him, 'Mr. Cummings, you are somewhat excited now, and, perhaps, on thinking the matter over, you will not do so rash an act as that, because if you, as director, sell your stock, it will injure the credit of the road.'" He said he did not care if it burst the credit of the road. He went out to one of the most prominent firms of brokers, and threw down his bonds and stock, and told them to sell them at once. He told all his friends to sell. This was a blow to the credit of the road, from which it has never recovered. Although he did this, he still continued a director. This requires no comment.

In 1872, when the salary of the president of the Eastern Railroad Company was \$5,000, the directors voted to apportion it as the law required, and charge it to the accounts of the different roads managed by the Eastern. The vote was passed when there was no possible motive for covering up the salary on the books. After that, the salary of the president, including that of Mr. Wooldredge, was apportioned in the same way, and entered upon the books. The original apportionment was: To the Eastern Railroad Company, \$2,500; to the Portland, Saco & Portsmouth Railroad Company,

\$1,500; to the Portsmouth & Conway Railroad, \$800; and to the Wolfborough Railroad, \$200. Mr. Wooldredge informed Mr. Cummings that his salary was \$20,000, before he came into the board. Mr. Cummings, knowing nothing of this vote, happened to see the \$10,000 entered on the books of the Eastern Railroad, and at once jumped to the conclusion, without any proper inquiry, that this was an attempt to suppress and cover up the salary of the president, and that Mr. Wooldredge had done it with an unfair motive, and says he considered it such an instance of unfaithfulness that it implied a great deal more. This was soon published in the newspapers, as a charge against Mr. Wooldredge, at a critical time in the history of the road, on the authority of Mr. Cummings. I merely state the facts. This publication, with Mr. Cummings' groundless suspicions, struck another blow at the credit of the Eastern Railroad corporation. A single inquiry, addressed to the treasurer or president of the road, would have explained it all. Mr. Wooldredge's salary was high. There are men in this Commonwealth, at the head of corporations, who are receiving higher salaries, and the men who employ them think it is for their interest to pay it. Mr. Hooper, who had more than half a million in the stock and bonds of the road, who had a fortune at stake besides, in his indorsements of the company's paper, thought that if Mr. Wooldredge would bring to the road his business experience, financial reputation and ability, his energy and courage, it could afford to pay the salary. It was a fair bargain. Mr. Wooldredge did not seek the office, and was ready at any time to give it up. And after August 1, while Mr. Cummings was authorizing the publication, that the salary was \$25,000, and was concealed, Mr. Wooldredge had placed upon the records of the directors the declaration that he should take no salary whatever.

I must also allude to the ticket-office, which excited so much of the indignation of Mr. Cummings. The tickets returned by the conductors had not been regularly counted, because there was not room, or help enough in the office, and because it afforded, practically, very little security in addition to the safe-guards already adopted. But Mr. Cummings set his heart on having this,—on fitting up an office at Salem, to get the necessary room; and he now testifies that he suspected Mr. Wooldredge, because he did not coöperate with him. He stated, under oath, that the directors voted to make a change in the management of the ticket-office, and that Mr. Wooldredge was at the meeting,—and that this was a wilful delay of two months on the part of Mr. Wooldredge. If you will look at the records, you will find that Mr. Wooldredge was not present at that meeting of the directors. He had been, for some time, absent on

account of illness, and did not return for some weeks; and that, within a few days after his return, and as soon the carpenter could finish a job he was then at work upon, he began to prepare a room in Salem. The principal ground of all this was, that Mr. Wooldredge had told the ticket-agent and superintendent to take orders from him, and not from Mr. Cummings. And this is the only ground which Mr. Cummings says he has for charging Mr. Wooldredge with any want of good faith towards the Eastern Railroad.

I must not leave out the richest part of this case,—I refer to the preamble and the resolution of Mr. Cummings for the investigation. Now, everybody was anxious to have any director investigate, and go to the bottom of the account. Mr. Cummings says they suggested to him that he could be added to any of the regular committees, and make the investigation; but when Mr. Cummings brought in his extraordinary preamble, it occurred to the directors that he did not intend it as a mere matter of business, but for a public demonstration. Cummings offered that pompous preamble and resolution after he had sold out his stock, and they thought it was intended for the newspapers. They made that objection to it, and it is a reasonable one; but they passed it when he insisted upon it.

The resolution was as follows:—

“Whereas, The government of the Eastern Railroad is by law vested in its board of directors; and

“Whereas, The stockholders, as well as the public, do hold, and by right ought to hold, said board to a strict economy in the management of the road; and

“Whereas, It is our duty, as directors, to know and fully understand the true condition of said railroad, financially and otherwise, that we may properly discharge the duties of our office; therefore—

“Resolved, That a committee, consisting of Messrs. Cummings, Williams and Lawrence, be appointed, with full powers, to examine, investigate, and inquire into the condition and management of said railroad, and all of its departments; and for that purpose, they shall have access to all the books of said railroad, and may examine any of its agents and officers, and shall report the results of their investigation to this board, at a meeting to be held on the call of the committee; and in said report they shall make such recommendations and suggestions as the circumstances of the case may require.”

It should be preserved as a model. Mr. Cummings insisted on its passage, and it became public, and affected the credit of the road.

The trivial nature of the charges against Mr. Wooldredge is his best vindication. It appears that the statement made in the rail-

road commissioners' report respecting Mr. Wooldredge was made after a conference with *one* of the directors of the road, and it could have been only one; and what director that was, I leave you to infer. But I think that I ought to allude to some of the statements here. After Mr. Wooldredge came into the road, not one enterprise was started, not one dollar was spent, except to settle obligations which had been previously incurred or made necessary by plans partially executed.

It now appears, from their own report, that while Mr. Wooldredge was struggling under this load of debt, the commissioners, without any notice to him, "were privately intimating their suspicion to members of the Eastern Railroad direction." They could have found by a moment's inquiry all about the transaction of the Portsmouth, Great Falls & Conway securities; that the directors had taken the stock at par, which is now nearly worthless, and that they had taken the bonds, with others, reluctantly, to save the credit of the road. They need not have published to an excited community that "it has been asserted that there was an overissue of \$250,000, in bonds," when the president, or treasurer, or any other proper officer, could and would have explained the whole at a moment's notice. A little inquiry would have explained the sale of the sinking-fund notes of \$2,000,000.

The commissioners knew, from the report of November, 1874, that the debt of the Eastern Railroad Company was about \$12,000,000, and that it had apparently increased over \$6,000,000 in two years. The public knew it, and still had faith in the road. Capitalists, with a full knowledge of these facts, and after a careful examination and conference with one of the railroad commissioners, were ready to lend it money. But the commissioners were silent. But now, in a time of panic, when the community is measuring the ultimate value of this property by its business during the worst period of the greatest business depression of the century, was it worth while to add to the general distrust by the publication of groundless suspicions?

I say this here, because these commissioners are public officers, and their declarations are public; but I say it with reluctance, because no one appreciates more highly than I do the great services of this board, and the substantial aid it has rendered in the solution of one of the great political and economical problems of the age.

Before I close, I wish to say a word of Mr. Lothrop, who is absent, and Mr. Hooper, who is dead. I have no doubt that in relation to the purchase of the Lynn depot estate Mr. Hooper was grossly deceived, as any man overburdened with public and private trusts is liable to be; but there is no evidence or cause for suspicion that he made one dollar, directly or indirectly, out of his transaction

with the Eastern Railroad. On the contrary, it appears that he lost money in his attempt to promote its interests. He indorsed its paper to the extent of a million without any compensation. He may have made mistakes in policy. Whether he did or not, must be determined by the business of the future; but of the devotion of time, and strength, and personal credit freely to the service of a corporation, he is a conspicuous example. Of Mr. Lothrop's integrity and fidelity, no one has here expressed a doubt. In determining the wisdom of some transactions which have been imperfectly developed, he is entitled to every presumption in his favor.

REMARKS OF MR. E. W. JAMES.

Mr. E. W. James, appearing for stockholders and bondholders of the Eastern Railroad, presented the following request of the Committee:—

*“Mr. Chairman and Gentlemen of the Committee:—*In behalf of the petitioners, I would respectfully request that your Committee would report a bill, that when any president or director in any railroad company in the Commonwealth of Massachusetts refuses the stockholders the right to have a stockholders' meeting, that the stockholders may petition the railroad commissioners; and if the commissioners think it a proper subject for calling a meeting upon, they shall compel the president and directors to call the same, and shall report the same in their next annual report.”

REMARKS OF MR. FRANKLIN HAVEN.

I do not appear here, Mr. Chairman, to make any argument. I simply wish to say a few words respecting the powers and action of the finance committee. I have had the opportunity to state what these powers were, and what the action of the finance committee was, in the correspondence which I have had with the railroad commissioners. I think I have referred to it, also, in my letter to the directors of the Eastern Railroad. I believe that correspondence is in the bearing, and has been put in as evidence.

The finance committee, sir, never had any powers to make any purchases, and they never did make any purchases of any property for the road, unless they were specially empowered by a vote of the directors. In regard to the vote of May 10, it touches upon this subject. I am desirous of having that statement appear here, that the directors knew what the powers of the finance committee were. When I found that that vote was placed upon the record,—which, accidentally, I knew in October, 1875,—I called the attention of the board to that vote. I did not bring it up fully before the board, as I said in my testimony, but seeing that Mr. Williams was recorded

there as making the motion, I called upon him to state whether he had submitted that motion, and he said, if he had done it, he had no recollection. I did not believe that he had offered that vote. Then, afterwards, I sent for Mr. Hooper, who was not present at that meeting, who stood there upon the record as having seconded that vote, and he said that he never heard of it, and never seconded such a vote. Thereupon I read my letter to the directors, being fully impressed with the conviction that no such vote was read at that meeting, and I asked the directors to pass upon the fact. No one dissented from my motion. No one said no. Mr. Lawrence was present at the meeting. I have some recollection that the subject of Maine Central shares was alluded to at that meeting. All that I desired to do, was not to screen myself, as Mr. Shattuck has stated or intimated, from any responsibility that was properly belonging to me as a director of the road, in consequence of the purchase of these shares, but I was desirous that the responsibility of the purchase of these Maine Central shares should not be placed upon the finance committee, for no such act was ever done by that committee. It was well that I called the attention of the directors to the fact at that time, because you see what advantage was taken of it afterwards by the railroad commissioners. In their report, they state that the ruin of the road was, in fact, consummated by this policy of expansion, which had been carried out by the finance committee, and that the failure of the road was, in fact, consummated in 1872 and 1873, and referred distinctly to the finance committee, to Mr. Hooper and myself,—Mr. Hooper being in Washington, and the principal business devolving upon the president of the road. Now, sir, the president of the road,—the president of the company,—is the chairman *ex officio* of all committees. He is chairman of the committee on salaries, chairman of committee on accounts, and there was no reason why this finance committee should be more particularly alluded to in any transaction of the company, than there was that the committee on salaries should be alluded to, or the committee on accounts,—the president of the road being *ex officio* chairman of all standing committees.

At the last moment of the hearing of your Committee, there was introduced, with a great deal of flourish, this approval signed by Mr. Lothrop and myself. I must say it took me somewhat by surprise when that was offered, for I had no recollection of it; and now, sir, what did it approve? It approved the loan made by the treasurer to the trustee. I stated that I thought when that question was submitted, that nothing was ever said to me about the purchase of Maine Central shares by Mr. Lothrop for the road. It never did happen as represented to me. I approved that order because I

had no doubt it was either presented to me by the president, Mr. Lothrop, or he spoke to me about it, and, sir, he was counsel for the road. He was the paid counsel, and it appears that when he resigned his office he had paid to him about \$5,000 specially for his legal services. Anything thereafter that Mr. Lothrop would have presented to me, as president of the road and as the counsel of the road, I was bound to consider as correct. Not a word was said to me, at that time, as I have said in my testimony, in regard to Maine Central shares. I never knew or heard of the contract, except as incidentally alluded to in that way, until it was produced here before the Committee. I never heard, as I have said in my testimony, of Mr. Parker, only as trustee for holding shares in the Maine Central Railroad. No such thing was ever stated to me at all. I am very glad, Mr. Chairman, that Mr. Shattuck has done justice to Mr. Lothrop and Mr. Hooper. Nothing has appeared in evidence, and nothing in my belief could appear, that would show that they did any such thing, or that in anything they did they ever sought to obtain improper benefits from any act of theirs while in the Eastern Railroad. I indorse most fully what has been said in regard to Mr. Hooper. He was a great friend of the road. He purchased freely of its securities, and he indorsed to a very large extent the notes of the road, in order to promote its success and welfare.

As to the condition of the road, I had to obtain my information, of course, from the president and treasurer, two officers of the road. I knew nothing about its liabilities, except what they said to me; and in the early part of 1875, when Mr. Wooldredge said to me that the net income of the Eastern Railroad was \$1,200,000 or more, and presented figures to verify his statement, I did not question it. I believed him, and recommended it to my friends and others to take the securities of the road, and many of them did purchase to quite an amount.

I do not know, Mr. Chairman, that I ought to detain you any longer by any remarks. I have a letter here, which, perhaps, according to rules about evidence, I ought not to present to you. It is from Mr. Cummings, in regard to his recollection of the vote of May the 10th. I will not offer to put it in, if there is any objection.

[Letter objected to by Mr. Shattuck, because it would require the examination of Mr. Cummings again.] It is not material to offer it, and of course I will withdraw the letter.

ARGUMENT OF MR. SETH J. THOMAS.

Mr. Chairman and Gentlemen of the Committee :

When, on the 14th of March, the Committee began this investigation, three separate papers were read by you ; one, an Order directing the Committee to inquire whether the president of the Eastern Railroad corporation had complied with the vote of the stockholders, passed at its annual meeting, February 7, 1876, instructing him to appoint a committee to investigate the affairs of the corporation ; another, a request to inquire whether the Eastern Railroad corporation had complied with the laws of the Commonwealth relative to the issue of bonds or notes, and incurring other liabilities ; and the other, a petition of certain stockholders and bondholders, requesting an investigation of the doings of the Eastern Railroad. And, as the stockholders had kindly placed me on the committee to investigate the affairs of the road, you, in behalf of the Committee, kindly invited me to assist the Committee in this investigation. The investigation then begun, has been continued through ten sittings. So far as I know, every person supposed to have any information of value to impart, except only Mr. John D. Sanborn, has been summoned, attended, and been examined. Others whose repute or interest it was supposed might be affected by the examination, have been notified. The hearings have all been public. I am sure they have been fair and impartial ; and I hope, as I am now to take my leave, that even the poor part that I have taken in the examination, has been not altogether unworthily performed. What, in parting, I am about to read, was composed, necessarily, chiefly on the Sabbath.

The Company's Losses.

Under proper management, the Eastern Railroad should have been one of the best in New England. Its misfortune has been in having unfaithful officers and servants. It appears by the report of the president, made in February last, the substantial correctness of which has been testified to in the case, that the losses of the road by the Portsmouth, Great Falls & Conway, and the Lawrence, Wolfborough, Essex, South Reading, and other branches, and by collisions, fires and accidents, the defalcation of its former treasurer, the removal of the passenger-station to Boston, the excessive cost of steel rails, electric signals, discount on loans, mill-pond lands, state prison land, Austin Street estates, Maine Central stock, Lynn depots and lands, direct competition with the Boston & Maine Railroad, and the like,—amounts in the aggregate to \$8,245,980. The

loss by its former treasurer was upwards of \$250,000, in respect of which, as also of most of the other items above, it is only fair to say, that, if the directors had attended to the duty confided to them, no such loss, at least to that extent, could have happened. Mr. Hooper was a director in that year.

Contract between the Eastern and Boston & Maine and Portland, Saco & Portsmouth roads.

It entered into an indenture of lease, for an indefinite time, with the Boston & Maine Railroad, as parties of the first part, and the Portland, Saco & Portsmouth Railroad, parties of the other part, which lease contained a provision that in case it should be broken by the latter, there should be paid to each of the other roads, as a penalty, \$100,000, and they should severally be reimbursed the expenditures made by them as betterments meantime. When this lease had been continued a little while, and the two first-named roads had respectively expended considerable sums in the way of such betterments, it was decided by the Eastern to make a new agreement with the Portland, Saco & Portsmouth, among themselves, and break this lease; to do which the Eastern had to agree, and did agree, to pay, in behalf of the Portland, Saco & Portsmouth, to the Boston & Maine, the stipulated penalty, and to indemnify the Portland, Saco & Portsmouth against the claim of the Boston & Maine for its disbursements in the way of such betterments. The penalty of \$100,000 has been paid, and the suit to recover the amount expended for betterments is now pending in court.

Lynn Depot Lands.

The story of the Lynn depots and lands deserves special mention. In the year 1871, Brown, Hooper, Haven, Goodwin, Williams, Bates and Lothrop were the directors. Goodwin lived in New Hampshire; Haven and Bates were otherwise occupied; Brown was overruled; Hooper was supreme. There was then, as there always has been, some dissatisfaction in respect to the location of the depot at Lynn. The loss by the accident at Revere, which cost the company more than \$500,000, occurred in August. In November, Hooper, in the face of this great loss, bought of the heirs of John Alley, 3d, a parcel of land in Lynn. The whole parcel was taxed in that year for \$8,000. It was mostly covered by water, and to be availed of, for any purpose, needed to be filled from three to five feet. There were two branches of this Alley family; one of which was represented by Peter Silva, and the other by Joseph W. Abbott, in his capacity as guardian of the children of John H. Alley. Each branch owned an undivided half of the land. They conveyed their

respective shares to John H. Alley for \$20,000 each; and then John H. set about selling the whole to Hooper. He knew Hooper, and doubtless represented to him that if he didn't buy it, the Boston & Maine would. Without conferring with any other director, except, perhaps, with Lothrop, and without making any inquiry in respect of the market value of the land, or whether anybody else wanted it, or would take it as a gift and pay the taxes on it, so far as now appears, he decided to buy it, and did buy it for the road, and the treasurer paid \$200,000 for it. For some purpose or reason, not very fully explained, \$10,000 went to counsel. Alley got \$190,000. It was part of the bargain that another small parcel should be conveyed to the Eastern in consideration that it would establish thereon a station for passengers, at its own expense, and stop its trains there. Hooper, also, about the same time, made a contract with Silva to build the new depot, at a cost of \$55,000, which Silva built, and was paid for; after which, the trains stopped at the new depot for a while. Meantime, finding that Alley had got \$190,000 for the land, Silva made him divide the excess, by which Silva got \$75,000 more; but Abbott, as guardian of the children of John H., got no part of the extra, and made his return to the probate court, as such guardian, that \$20,000 was the fair price for the children's half. In fact, he now swears that he thought \$40,000 was a great price for the land—with all which John H. was content. This lot was never used. Meanwhile, the passenger-station at the old site was rebuilt, at a cost of \$130,000. The Lynn people were still dissatisfied. The new depot was discontinued; \$100,000, including costs of suit, was paid as damages for breach of the agreement to maintain it; and the building, which had recently cost \$55,000, and which, as appears from the evidence in this hearing, was fit to use, and could well have been used for other purposes, was torn down, the roof was thrown into the dock, and the other fragments sold for \$1,500. Not a director or other person called to testify before the Committee could give any reason why this was done. The loss to the company from the operation was about \$300,000.

Purchase of the Maine Central Stock.

This also is quite curious. The purchase of the Maine Central stock was wholly unauthorized; and of the directors, Hooper and Lothrop, at least, appear to have so understood it. The first agreement now disclosed was between Moses and Kimball, trustees, and George L. Ward. It bears no date, but appears to have been made about the 11th of February, 1873. It recites that Ward has purchased of Moses and Kimball 2,000 shares, at \$60 per share, on

which Ward has paid, in part purchase, \$30,000, and to secure the payment of the balance has made his three notes, each for \$30,000, which, with the certificates, have been left with H. W. Paine, trustee, for sixty days, on certain conditions, which are here immaterial. On the same day, Ward assigns his agreement to blank, in consideration that blank holds him harmless from the notes, and performs his obligation. Blank was the Eastern Railroad Company. Mr. Parker, its treasurer, paid the money—Ward never a dollar. These 2,000 shares were purchased at a cost of \$60 per share. The transaction was purposely kept secret, not only from the stockholders, but also from all the other directors, except Hooper. Lothrop must have known that the transaction was illegal, and so, I suppose, in the papers, called Parker trustee; but Parker, by Lothrop's order, paid every dollar from the company's money. The contrivance was probably due to the genius of Ward. He says, in his testimony, "I made the plan myself, with some gentlemen here." The plan was to buy up the stock as a matter of investment to control the road. Ward was then a director in the Maine Central, as Hooper and Lothrop were in the Eastern. The plan was to be kept secret from the stockholders and other directors in either road. Ward says, "I originated it; it was a plan I had in my own mind." The next such agreement bears no date, but was doubtless made about the 12th of April, 1873. It is addressed to Thornton K. Lothrop, president, and is signed by Ward, but not by Lothrop. Ward is to sell to J. B. Parker, trustee, 1,000 shares Maine Central stock, payment to be made on account, at the rate of \$60 per share, from time to time, prior to May, 1873, and a final payment, so as to make the stock realize \$85 per share, when the agreement between the Eastern and Maine Central for their joint operation and division of earnings, under the rule of \$100 for the former and \$80 for the latter, is consummated. From April 12 to July 9, inclusive, Parker had paid out of the moneys of the Eastern Railroad Company \$70,600 on account of this contract, and taken under it 1,000 shares.

The next such contract is dated May 12, 1873, and recites that whereas T. K. Lothrop and George L. Ward, on the twelfth day of May, 1873, made to R. D. Rice a proposition and agreement that in case he desired to sell his stock in the Maine Central Railroad Company at any time within one year from May 1, 1873, they would take it and pay for it, not exceeding 116 shares, at par, in sixty days from notice of such desire to sell; that on said day of May notice of such desire was given; that \$53,333.33 has this day been paid to Rice, and that instead of paying the balance as agreed, \$53,333.33 should be paid in six months from January 1, 1873, \$53,333.33 in twelve months from June 1, 1873, and the stock

be deposited meantime with A. P. Morrill, of Maine, as trustee, Ward and Lothrop having the right to represent the stock at meetings meantime. The agreement is dated June 10, 1873, is signed by Lothrop, Ward and Rice, and witnessed by Parker. There was no other written contract. In this way \$160,000 was paid. Ward testifies that for the first stock he bought after this plan was conceived, he paid \$42½ per share. For some he paid \$50, for some \$60, and some, he thought, \$70. He kept no books; had no recollection, and no idea what profit, if any, he made; nor, except in a few instances, could he tell from whom he bought. Mr. Rice, at the time of making that contract for the sale of his stock, was the president of the Maine Central Railroad Company. He, too, was to keep the secret, and it is said did keep it faithfully, not only from the stockholders of the Eastern and the other directors thereof, but also from the stockholders of the Maine Central, whose servant and trustee he was. And it is curious to note that, having on the tenth day of June, 1873, made sure of the sale of his 1,600 shares at par, in pursuance of a contract made previously, when he probably could not otherwise have sold these shares anywhere to anybody for half that price, he entered into a contract, as president of the Maine Central Railroad Company, in its behalf, with Mr. Lothrop, as president of the Eastern Railroad, in its behalf, by which the net earnings of the business of both companies was to be divided, the Maine Central to receive four-fifths as much for each share of its stock as the Eastern receives for dividends for each share of its stock and that of the Eastern of New Hampshire and the Portsmouth, Great Falls & Conway. And this contract was to be submitted to the stockholders of the Eastern and the Maine Central respectively, for ratification; all, however, in ignorance of the sales by Rice and Ward, or that the honor of trustee had been conferred upon Mr. Parker. Pious party! There is a tradition that R. Meir said, "A man commits a sin in secret, but God divulges it openly." If it be said that this contract was beneficial to both companies, it does seem strange to me, at least, that it couldn't have been made at less cost to the Eastern, and less wages to Rice. Rice was once a judge in the courts of Maine. When this transaction was disclosed, I couldn't but wonder before what tribunal he expected to be tried! The company now holds of this stock 15,274 shares. It cost more than \$1,200,000. It is difficult to tell what its present market value is.

Mr. Wooldredge became a director of the road in 1872; he was a director in 1873, and subsequently was elected president. He became acquainted with the purchase of the Maine Central stock, and in May, 1875, as he states, procured a vote of the directors to be

passed confirming it. He says he found, when he became president, that there was a lot of 1,600, purchased of Rice, on which \$50,000 had been paid, and that there was a contract which obliged the road to pay twice that sum, or the money already paid would be forfeited. Mr. Haven testifies that he had no knowledge of the purchases when made, and that when afterward it came to his knowledge, he disapproved the purchase, and never did anything to confirm it. The other directors called testify that they knew nothing of the purchase, and had no part in it. There is a contradiction between Mr. Haven and Mr. Wooldredge, in respect to the vote of the directors confirming the purchase, which seems to me to be immaterial in this hearing, since it is clear that even the whole board had no power to confirm it.

Bar Harbor Property.

The story of the purchase of this property is also interesting. The property consists of a small parcel of land, with an old building, of not much value, formerly used as a hotel or country tavern, and a wharf. The company has already paid \$21,800, and assumed a mortgage on the land for \$16,500 more, making the cost \$38,300. It was never worth \$10,000. No income has ever been received from it, and the company has no deed of it, but only a declaration of trust, made by one Deering, reciting that the Portland, Saco & Portsmouth Railroad Company has paid for it, in part, and that he holds it in trust for that company, subject to the mortgage. Why no deed was given isn't explained. It was said the purchase of this property was designed to secure a monopoly of the travel. But the evidence discloses that, in August, 1873, Lothrop was told all about the property, and that steps had been taken to overreach him in the sale, and that an application was to be made to the Maine legislature by the son of the owner for leave to construct a rival wharf for landing passengers within ten feet of it. The contract for the purchase appears to have been made in October, 1873. The evidence further shows that application was made to construct such rival wharf, and that leave has been granted. It is not probable that the property is now worth anything like the mortgage.

Charlestown Lands.

The purchase of these lands was a blunder, from the beginning to the end. That known as the mill-pond, cost, it is said, \$1,158,000. It consisted of about 58 acres, 50 of which, at least, will be required to be filled before they can be made available for any purpose. The purchase was made in May, 1873, at a time when the company had no means to spare for such purpose. The Austin Street estate, as

it is called, was purchased in August of the same year, and including the building of a freight-house, has cost \$1,810,000. The two parcels were then separated by another. It was supposed to be desirable to connect the two, and therefore it was determined to purchase the intervening lot. A bargain was made to that end, and \$45,000 was paid, probably more than double what the land was worth; and just then it was discovered, for the first time, that the connection had not been made, but that there was another intervening parcel which had to be purchased, and was purchased for \$5,000,—probably three or four times its value. That part known as the sugar-house lot, cost, including counsel fees, about \$450,000. The details of the matter form a fit afterpiece to the tragi-comedy of destroying the Lynn depot.

Removal of Passenger-Station.

It is said the cost of the removal of the passenger-station must be estimated at \$1,500,000. A small strip of land, extending from Causeway Street to the water, worth not over \$50,000, was taken, and finally settled for, at a cost of about \$118,000. But this was not all. It now appears that Mr. J. D. Sanborn was somehow, for some purpose, which nobody called to testify can explain, employed by Mr. Lothrop. The employment appears to have been without the knowledge of any other director, unless, indeed, it was Mr. Hooper. In the course of about a year and a half, \$125,000 in money was paid out to Sanborn, including some counsel fees. Copies of receipts, signed by him, have been produced, amounting, in the aggregate, to over \$77,000. No account has ever been rendered by Sanborn, of the way in which he expended this money; nor is there any bill for his services, but merely receipts, bearing different dates, for certain sums received by him, on account simply. The only explanation Mr. Parker can give, is, that Mr. Lothrop directed him to pay whatever Mr. Sanborn might call for; and he paid accordingly, taking Sanborn's receipts. Sanborn is in Washington, and it hasn't been practicable to call him. Mr. Lawrence, who has been called, supposes these payments were intended for the "third house." About the same time, \$2,300 was given to Mr. Frederick Willcomb. He was called, but, like Ward, his faculty of reminiscence is painfully defective. He kept no books, took no receipts, and could only recall the names of two or three persons to whom he paid some small sums, chiefly for their influence. "Sweet influences of the Pleiades." The payment of \$7,000 to counsel, as retaining fees, just prior to the last annual meeting, also challenges comment. The sum of \$118,000 was paid in pursuance of an award.

Overissues.

It appears that there were two books of bonds, each containing 250, of \$1,000 each. One of them had been left in the Merchants' Bank, with Mr. Haven, as trustee, to protect the indorsers of a note which the Eastern Railroad had given to the Massachusetts Hospital Life Office. The indorsers were Hooper, Haven and Bates. The other was left with Mr. Lothrop, to secure him as one of the co-promisors of a note for \$50,000, held by the Newburyport Savings Bank. He was a co-promisor with the Eastern Railroad. In February, 1874, by a vote of the directors, the vote of February 8, 1873, under which these bonds were issued, was repealed, and it was further voted, that the bonds printed under authority of that vote, be cancelled by the finance committee. Mr. Hooper was then alive, and here. Other securities were substituted for these bonds, but neither of the books was returned to the treasurer, nor were the bonds cancelled, until late in the year 1875, when the fact of their existence came to the knowledge of Mr. Lawrence, and when he found one in the Merchants' Bank, enveloped, laid away and marked, "These bonds are worthless," and which he readily procured, and caused the bonds to be cancelled; he learned the other was still in Mr. Lothrop's office, and after a correspondence between Mr. Vanderlip and Mr. Lothrop, he procured this latter, and caused these bonds also to be cancelled. He also found an overissue of \$33,000 of bonds, arising out of a transfer to the Eastern Railroad, of certain shares of stock in the Portsmouth & Dover road. That overissue appears to have been an error on the part of a former auditor of the company, unintentional, it is believed, and measures have been taken by which it will be very soon corrected. It is believed there is no other overissue.

Loans.

It appears that the sterling loan taken by the Barings, instead of being taken by them as a purchase, was negotiated by them for a commission of four per cent. or more. They never took the loan on their own account. Some time in December, 1874, Mr. Wooldredge, then president, undertook to negotiate the two million loan. He had an offer from Blake, Brothers & Co., but it was not satisfactory. Subsequently he went to New York, and conferred with parties there. He got an offer of 85, which he declined. He then conferred with Richardson, Hill & Co., at Boston, and got an offer from them at 80. These negotiations all had reference to a sale of the whole loan. About the middle of February, 1875, he accepted the offer of Richardson, Hill & Co., for 85. They paid Mr. Parker in all, at different times, \$1,700,000. They put these bonds upon the market, not as their

own bonds, but as bonds belonging to the company, and under an advertisement in which the bonds were offered for sale by them for the company. Some they sold in New York, some in Rhode Island, and some in other cities and towns, but most of them in Boston. They sold them before they had taken them. About the middle of February, they sold Wooldredge 100 for 85, the same price they were to pay, without charge of commission. They sold none others so low. Some they sold as high as 94,—the average, they say, was a fraction over 90. Cummings was a director. About the first of March they sold to him 50 at 90, and 50 for something above 90. The winter preceding, Wooldredge had invited him to become a director. Up to that time they had been friends. Cummings was dissatisfied with the price he had paid. I suppose he knew, or had some reason to believe, that Wooldredge got his for less. He complained, not that they were selling the bonds in the market too high, for they were sold as the company's bonds, and the higher they were sold the better for the company, but that Richardson, Hill & Co. were making too much money on them, and could afford to sell them for less, which would imply that they bought them too cheap; and he added—if not as an inducement to sell to him for less, it is difficult to see for what purpose—that he voted for the contract of sale of them altogether reluctantly. Whatever the real feeling between him and Wooldredge at that time was, there was no open rupture between them until some months afterwards. It ought, also, to be mentioned, that about November, 1874, large amounts of Conway bonds, then held by the Eastern, and indorsed by that company, were sold for 80, when in small lots they were sold in the market for above 90. Hooper had 100,000; Lothrop, 6,000; Wooldredge, 25,000; Jones, 30,000; besides others. Hill testified he offered 100 to Woolredge for 85, to test the faith of the latter in the loan.

I have thus considered, as fully as opportunity would permit, what has been done in the name and on behalf of the company, and who has done it. I have endeavored to state with clearness the facts disclosed. And how true it is, that when a case is once clearly stated, there is not usually much left to argue.

The Actors.

And now what shall I say of the actors? It seems to me that most of the important transactions noticed are due largely, perhaps chiefly, to Mr. Hooper. At the annual meeting, counsel who, it now appears, had then been retained by the road, appealed to us to "spare the dead." From what? If from unjust criticism, why not the living also? But if you, Mr. Chairman, are the administrator of a deceased man, and I of another, and your

intestate in his life-time sold my intestate in his life-time a thousand bags of coffee for a sound price ; and, to induce my intestate to buy it, falsely represented that the coffee was sound when it was not sound, why should not I bring suit against you to recover the difference in value? Nay, why am I not bound to? Nor does it matter that there are widows and children in the case. If there are such on your side, so also there are on mine. Nor does social standing, as it is called, change it. There was some truth in the remark made by the boy who, when Judge Bacon dismissed him with the caution to keep out of bad company in the future, said: "Thank you, judge ; I respect your advice, but good company and bad company looks so much alike, I can't tell the difference till I get right in 'em." At the same annual meeting, some one observed that Mr. Hooper had gone away. Upon being asked, "Where," I could only reply that I did not know, and point to the inscription on the wall of the building, "Of such is the kingdom of heaven." I had not been retained to give an opinion. I was told by an aunt of mine, when young, nobody knew anything about heaven but the ministers, and they would not tell. But I remember a case was to be tried before Judge Maine. Witnesses were called ; among whom were two boys, one about nine and the other seven years old. The oldest was big, but the youngest was small of his age, and withal quite bright. Objection was made that the boys did not understand the obligation of an oath. "You can examine them," said the judge ; "call the big one first." The big one took the stand. "Do you know," asked the counsel, with a loud voice, "if you tell a lie here, where you will go to when you die?" "Yes, sir," said the boy. "Where?" said the counsel. "Ter hell!" said the boy. "That's right," said the counsel. "Stand down," said the judge ; "call the little one." The little one took the stand. "Do you know," inquired the counsel, "where you will go to when you die, if you tell a lie here?" "No, sir," said the boy. "The little one can testify," said the judge, "but the big one can't."

And what shall I say of Mr. Lothrop, absent, and, as his friends say, sick? It certainly is not proved that, except his salary and \$5000 that was voted to him—for what, I do not know—on leaving, any of the company's money went into his pocket ; and I do not believe that any ever did. The witness, Dodge, presents the alternative. I do not adopt his alternative word. Rice, and Ward, and Sanborn were able, in their way. They could easily delude Lothrop with vain hopes, which no sound head would ever expect to realize, and so engage him in adventures which he never could desist from, and still could never bring them to an end ; just as the witness, Alley, in your presence, insisted on my discovering, first

on the cover of a book, and then in the hollow of his hand, the beauties about the Lynn depot, and where the \$10,000 paid to counsel went; and just as, once upon a time, when Mr. Robinson was the warden of the state prison, a clever convict engaged to discover to him and to his assistant, Nichols, valuable treasure that lay hidden in the Barnstable woods; in which case, Robinson and Nichols were persuaded. They, too, kept the thing secret. On a bright summer's day, the three took the cars for Barnstable; arriving at which place, they procured a shovel and crowbar, and started for the woods. The convict led them into the thicket. It was a secluded spot. "There it is," said the convict; "I know that tree better than I know my father." The digging was begun by the convict. The other two looked on. There is some sand in Barnstable, and the digging was easy. By and by, the convict got tired, and Nichols volunteered to spell him. They had dug a hole six feet deep. "There it is," said the convict, "a little that way, Mr. Nichols; sound with the crowbar; look, now, Mr. Robinson!" Just as Robinson leaned over to look into the pit, the convict struck him in the back and pitched him headlong on to Nichols; and the convict—left. Robinson and Nichols came home that night not looking so well, but wiser.

Is it said that no guilt has been discovered, but only some mistakes and neglects? Pardon me. I don't understand that the purpose of the investigation has been to discover guilt, but rather to discover the truth; and if, instead of guilt, only innocence had been discovered, we should all have been more gratified. But what shall be said of the purchase of stocks in a foreign corporation, when it was well known to the purchaser, and to those who were in the secret with him, that the purchase was unlawful; and of constituting a trustee purposely to evade the law; of the trades with Ward and Rice; of the purchase of the Charlestown lands and Bar Harbor property; of the purchase of the Lynn lands; the expenditure of \$55,000 in building a depot and then pulling it down, throwing the roof into the dock, and selling the fragments for \$1,500, when the building might have been put to profitable use; the making contracts and then breaking them, and paying the penalties, involving the company in troublesome and expensive suits; of permitting Mr. Sanborn to withdraw money from the treasury just as he pleased, amounting to more than \$77,000 in a short time, rendering no account of it, and leaving only his receipt for so much money on account as a voucher; not omitting the sugar-house transactions, and finally breaking up in a row!

Does anybody believe that this immense sum was used by Mr. Sanborn for any legal purpose? Doubtless the truth is, if ex-

pended by Sanborn at all, it was paid, not for legal service rendered or to be rendered, but for personal influence, to be exerted illegally. Is there any sane merchant who would have permitted such a withdrawal of his own funds without knowing how it was used? Do all these things merely indicate a mistake in vocation? Was it quite honest in Mr. Lothrop, when he made his report to the stockholders in February, 1874, signed by himself, Hooper, Haven, Jones, Stevens, Williams and Wooldredge, stating that he had made an agreement with the Maine Central Railroad, uniting the business interests of the entire line between Boston and Bangor, and recommending the agreement to the approval of the stockholders, purposely to conceal from them the fact that he had paid \$100,000 of their money to secure that agreement? And further, to withhold that report from the stockholders until the morning of the election, lest they might have opportunity to criticise it? Is it not plain that the object was to suppress the truth, and to give to falsehood the appearance of truth? Finally, is it not better to reject new names for authentic virtues and vices, and to continue to call virtue, virtue, and vice, vice?

I know of no one director who is not blamable. The question what is the difference between the conduct of Mr. Lothrop in demolishing the Lynn depot, and the other directors who neither took any active part in doing it, nor attended to see the fun, but knew it was done, and failed to call Mr. Lothrop or Mr. Hooper to account for it, is perhaps well enough answered by R. Simeon ben Chelpatha: "A certain king sent two men into his garden; the one planted trees, but afterwards cut them down; the other planted nothing, and cut down nothing. The king was *most wroth* with him who planted and cut down." The position in which the directors stand who did nothing, is plain. Each one of them undertook to perform a duty—a duty altogether important; they severally neglected that duty, to the great harm of others. Under the head of remedies in equity against executors and administrators, there will be found an Act passed in the year 1861, which provides that whenever one has a claim against the estate of a deceased person which he has not prosecuted within the time limited by law, he may apply to the supreme judicial court for a bill in equity, setting forth all the facts; and if the court shall be of opinion that justice and equity require it, and that the claimant is not chargeable with culpable neglect in not bringing his action within the time limited, he may have judgment for the amount of his claim. Not long afterwards, in the case of the Waltham Bank against Wright, the court construed this phrase, "culpable negligence," and held it to be culpable neglect for a man to

stand still and see the years go by. But this was only a recognition of the fitness of the definition by South, "Such ignorance is *voluntary*, and therefore culpable." And culpability implies guilt. To the question once triumphantly asked, as if to silence the ages: "If the righteous shall scarcely be saved, where shall the ungodly and the sinner appear?" it may, with equal confidence be answered—"In the direction of the Eastern Railroad." Peradventure, one righteous man might have saved it. But lo! when he was sought, he had dissolved in the sunbeams.

In October, 1875, a quarrel arose between Mr. Wooldredge and Mr. Cummings. How they fought, and how success alternated, and with what issue, time would fail me to relate. It will all be found recorded in the supplement to your report, the attentive perusal of which I recommend to all persons interested in railroad mismanagement. I saw it stated the other day that two butchers at the abattoir had fought with their knives, in which fight one lost an eye; I could not but think of the unhappiness of the wounded man's family. I ought, in justice to others, to state, that the conduct of Mr. Cummings at this time tended greatly to impair the ability of the road; and, in justice to him, to add, he had already then taken care to sell his own stock.

Remedies.

It seems to me plain that all the payments of money made for, or on account of, the Maine Central stock, were illegal; that the Eastern Railroad Company has not adopted, nor in any way sanctioned, such payments, and that an action or actions may be maintained against each and all of the directors who participated in such payments. Such actions, I am proud to say, are not common in this Commonwealth; but there are abundant authorities for such in England, and some precedents in this State. It seems to me, also, that suits may be maintained against Sanborn, Willcomb, and others, for the recovery of the money they received, and against those who directed the payments, not to speak of the wanton destruction of property or culpable neglects. Whether any suit is expedient, or it is better, under the circumstances, to treat the Maine Central stock as the property of the Eastern, if it can be lawfully so treated, I express no opinion. It is obvious that the only effectual and permanent remedy for such abuses, is to elect such persons directors as are capable and honest, and will attend to the trust confided to them.

Prospects.

Seeing that the Eastern Railroad has survived for so many years through such bad management, meeting all its engagements until

midwinter, when business was greatly depressed, and then stopped, owing partly, at least, to a personal disagreement between the directors, it is not unreasonable to expect that, under wise and prudent management, when the spring opens and business revives, it will get on. Mr. Lawrence, who has considered the matter, states as his opinion that property belonging to the company, to the amount of \$2,000,000, could be sold in a short time, and that the business of the road would not be impeded by such sale. He thinks the earnings for the year will probably reach \$2,500,000, and the net earnings may be \$800,000. Others concur in that opinion. Parker estimates the Wolfborough stock as worthless, the Portsmouth, Great Falls & Conway as of little value, but the bonds of the latter now held by the company, amounting to \$486,000, he regards as worth par. The evidence tends to show that something more than half a million of dollars might be realized from sales of land and buildings not needed at East Boston. There is no reason to believe the debt exceeds \$15,000,000.

Pardon me a single word only in relation to the pending bill. While I should prefer to see it amended so as to give the stockholders a little further extension of time, and the rate of interest a little reduced, and a few other features of the bill changed, I hope bankruptcy will be avoided, and prefer, if the bill cannot be amended, that it should pass as it is. I have heard it spoken of as a "new way to pay old debts." I do not so regard it. It is simply such an extension as is given by creditors every day to their debtors who have become embarrassed, and who have property in their charge which they can manage and dispose of better than it could be managed and disposed of by others. And it is true, that, in such case, where confidence is placed in the honesty of the debtor, the creditors seldom refuse such extension. I have also heard some fear expressed lest somebody will be cheated by the new issue of bonds, for the reason that they will be founded on insufficient property. I do not share in that alarm, because the real state of the property is now disclosed; there is no longer any concealment, and the purchaser will know as much about it as the seller. At the same time, I am not prepared to agree in the opinion expressed by the counsel of the company at the late annual meeting, that it does not require the same number and proportion of creditors to put a corporation into bankruptcy that it does in the case of an individual. I am informed and believe that, of the fifty district judges of the United States Courts, only one has so held, and that was Judge Deady of Oregon.

The question has not been argued in this district, but it has been taken for granted, and the assumption has repeatedly been acted

upon, that the provision of law requiring a third and a quarter applies as well to corporations as to individuals ; and I should so advise until the contrary is held. If the legislature shall see fit to pass the bill in an amended form, well ; if not, well also, but not so well. I stop here. My sabbath's work is done ; imperfectly, indeed, but I must leave it. When I reflect that the human race is immortal, I hope that men who may exist in the future will have a firmer belief in the goodness of virtue than many now living seem to me to have. And so I bid you adieu, for this time.

Mr. SHATTUCK. I should like to make a simple suggestion, and that is in regard to buying these bonds of Richardson, Hill & Co. I do not propose to discuss it. Mr. Adams, when he sold the bonds to Mr. Wooldredge, asked him if he would buy \$100,000, and would not send bonds into the market until after the first of September, so as not to interfere with the market. That was the point of the purchase, and Mr. Adams said he asked Mr. Wooldredge to buy, to see if he would back up what he had been telling him. Mr. Wooldredge said that he so understood it, and therefore took it.

